

international bankers, who had bet on the wrong horse over in Europe to the extent of billions of dollars. If our Government could do this to save the international bankers, why not do the same thing now to save the farmers and the starving millions?

If the farmers' relief bill becomes a law, then there will be issued and put into circulation among the people several billion dollars of new money, Federal reserve notes, the natural consequence being that it will raise farm-commodity prices. It will again give purchasing power to the people—the farmer will pay his banker, his merchant, his lawyer, and his doctor, and they in turn will pay their bills—and all will start in again repairing and improving their homes; unemployment and starvation will cease; the enforced idleness of 14,000,000 men and women will disappear, and we will hear no more of overproduction; consumption will again be normal; real prosperity, the kind we had in 1919, will return.

We have not enough money to do the money business. Money is a yardstick with which we measure the energy of our people; we have not enough yardsticks to measure that energy; that is why there are 14,000,000 people out of employment and why at least 30,000,000 go to bed undernourished and hungry every night, while many more million need new clothes and other necessities.

We are being reduced to a nation of Indians, to a nation of trade and barter. Farmers are trading oats for gasoline, wheat for newspaper subscriptions, cabbages and eggs for wearing apparel; ranchers are exchanging horses for vegetables, cows and hogs for groceries; and colleges are even exchanging education for wheat; and all because there is not money enough to do the money business, not sufficient yardsticks to measure our energy. In Kansas recently a young man paid his wedding fees with a few sacks of wheat, and in West Virginia a young couple traded a basket of grapes to the county clerk for a marriage license; not even enough money to do the marriage business.

Hundreds and thousands of cities and towns are now using or contemplate using scrip as a substitute for money, because there is not enough money in circulation to do the money business and our National Government seems to lack the wisdom and courage to save this situation by promptly enacting S. 1197—the Frazier bill.

Nearly all of the money—the yardsticks with which we measure our energy—is in the hands of a few international bankers who are too ignorant to know how to use it and whose greed, if not checked, will bring ruin, desolation, and destruction to this Nation.

Within the last two years the Federal reserve bank increased the Federal reserve note circulation over a billion and a quarter dollars in the large cities, so as to save the larger banks—the cat's-paws of the international bankers—from closing their doors, and so that they could gamble and buy more foreign bonds and stocks and make loans to foreign nations at the expense of the American people. None of this money reached the farmers, the smaller banks or business men, or the starving millions. We repeat there is not enough money to do the money business, and that the farmers' farm relief bill, known as the Frazier bill, if enacted into law, is the remedy.

The benefits of this bill not only extend to the farmers who are still hanging on, but also extend to anyone who has lost his farm by mortgage foreclosure or indebtedness since 1920, and to the tenant who has actually resided on and operated a farm for at least three years prior to the passage of the bill.

RECESS

Mr. HALE. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 7 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Thursday, January 26, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 25, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who has not forgotten to be merciful and gracious unto us, we call upon Thee to replace our weakness with strength. Let performance to duty be our delight and service for our country our vocation. With minds calm and earnest may we patiently and seriously work to encourage and bless our fellow men. For them we would reveal strong action, appealing emotion, and be masters of situations. In whatever station, remind us of Thy pure teaching, searching appeals, and solemn warnings. O may they be laid on all our hearts and be pondered in our inner thoughts. Hear us, Father, in solitude, meditation, and in prayer may we deepen and quicken our spiritual natures; thus may our characters break into new life and beauty. Amen.

The Journal of the proceedings of yesterday was read and approved.

REPUBLICAN CAUCUS

Mr. SNELL. Mr. Speaker, may I make an announcement? There will be a Republican conference in this Chamber this afternoon at 4 o'clock.

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND LABOR APPROPRIATION BILL

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14363) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1934, and for other purposes. Pending that I would like to have an understanding with the gentleman from Pennsylvania [Mr. SHREVE]. There are numerous requests on this side of the aisle, and my thought is that since evidently there are but few controversial matters in the bill, the one, perhaps, that there will be more speeches made upon than any other being that relating to the item for the enforcement of the prohibition law, and since it appears we will be able to reach a definite agreement on that, limiting the time by consent, which we will ask the House to approve; and if so, after careful consideration I feel we can finish this bill Friday afternoon. My thought is if we devote to-day to general debate, reserving to the gentleman from Pennsylvania [Mr. SHREVE] and to myself the right, in the morning, to make statements confined to the bill itself before taking it up, we should finish it by Friday afternoon. So if agreeable to the gentleman from Pennsylvania, I ask unanimous consent, Mr. Speaker, that general debate to-day be equally divided between and controlled by the gentleman from Pennsylvania [Mr. SHREVE] and myself.

Mr. SHREVE. The arrangement is perfectly satisfactory to me, Mr. Speaker. I see no reason why we can not finish the bill by Friday night if we follow the program outlined by the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. I have reason to believe that Members of the House will gladly cooperate to the end that such program may be carried out. I have been endeavoring to learn what items of the bill Members are interested in discussing, and it will not be my purpose to try to prevent fair discussion of such items. There are only a few, so far as I can learn, and we will try to give fair opportunity for an intelligent discussion of those items.

Mr. SHREVE. This side of the House will be perfectly satisfied with that arrangement.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. LAGUARDIA. I am looking up some law this afternoon, and I do not believe I will be ready by to-day. In the event I would like to make reply to the opinion by the Attorney General on to-morrow, does the gentleman think I would be able to have 10 minutes?

Mr. OLIVER of Alabama. If for any good reason any Member feels during the consideration of the bill he should be heard by the House on any important matter they are interested in, I will submit a unanimous-consent request, if the time request is reasonable, that such Member be allowed to speak out of order, and leave to the House whether such request should be granted.

Mr. LAGUARDIA. That is perfectly satisfactory.

Mr. BLANTON. With the understanding that the action of the 4 o'clock Republican caucus this afternoon does not prevent the gentleman.

Mr. LAGUARDIA. The gentleman knows better than that. We never bind our Members.

Mr. OLIVER of Alabama. Mr. Speaker, I was not aware there was to be a caucus this afternoon at 4 o'clock. I wonder if the House would be willing to hold a night session, purely for the purpose of general debate, if the time which the gentleman from Pennsylvania [Mr. SHREVE] and I have tentatively promised does not permit finishing such general debate?

Mr. SNELL. We have arranged for an evening session on Friday.

Mr. OLIVER of Alabama. But Members are not required to attend to-night unless they wish to. Nothing will be taken up except general debate. It is only for the purpose of enabling gentlemen who might otherwise be denied the right to make speeches on some subject in which they are interested. We could meet at 7 o'clock and adjourn at 9.30 or meet at 7.30 and adjourn at 9.30.

Mr. BLANTON. Mr. Speaker, may I ask the gentleman from Alabama why he does not suggest to the gentleman from New York [Mr. SNELL] that they have the Republican caucus to-night, and then that would relieve most of the Members from attending the night session?

Mr. SNELL. I really do not quite understand what the gentleman is driving at.

Mr. OLIVER of Alabama. The idea being that the time which we have tentatively promised will not permit Members to whom such time has been promised to speak before 4 o'clock. Unless we hold a night session we can not carry out tentative promises made to many Members of the House.

Mr. SNELL. I shall not object to having general debate this evening from 7.30 to 9.30.

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent that it shall be in order to-day to move that the House take a recess until 7.30 o'clock to-night, and that there be general debate on the pending bill from 7.30 until 8.30.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. SNELL. With the understanding that it is simply for general debate?

Mr. STAFFORD. No other business is to be transacted?

Mr. OLIVER of Alabama. That is correct. The evening session will be confined merely to general debate.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent that the time for general debate be equally divided and controlled by the gentleman from Pennsylvania [Mr. SHREVE] and myself, and that the time be limited to the close of the session to-night, with the further understanding that the gentleman from Pennsylvania [Mr. SHREVE] and I may have the right to make a statement to the House on the bill to-morrow morning just before it is taken up for consideration. We will not be long.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Alabama [Mr. OLIVER].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H. R. 14363, the Departments of State, Justice, Commerce, and Labor appropriation bill, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. BLANTON], a member of the subcommittee handling this appropriation bill.

Mr. BLANTON. Mr. Chairman, I ask permission to revise and extend my remarks and to incorporate certain excerpts to which I shall refer.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Chairman, with reference to the suggestion from the White House, not made until recently, however, that there should be certain bureaus abolished and certain consolidations made, I want to make a few comments.

Were I to suggest the abolishment of some bureau, the workings of which the people I represent were not directly

interested in, I might be considered as doing so because of partisanship. All of my constituents are interested in agriculture. Therefore, when I mention agricultural bureaus no one will accuse me of wanting to abolish something just simply because my constituents are not interested in the project.

I honestly believe that it would be to the best interests of the farmers of the United States if you would abolish three-fourths of the bureaus of the Department of Agriculture. [Applause.] I honestly believe that if the President of the United States would take some of these so-called long-haired scientists who draw high salaries from the Government from these various bureaus in the Agricultural Department off of the pay roll and send them back home it would be to the benefit of every farmer in the United States. [Applause.]

I wish the Committee on Printing would take proper action now that would not permit another agricultural year-book to be printed in 10 years. It is a duplication of statistics each year and is a waste. I do not believe there are 20 farmers in any district in the United States who have ever read 25 pages in that big book that is published and republished every year. The basement of the House Office Building is stacked to the ceiling with them.

I took occasion the other day to write to one of these scientists in the Department of Agriculture and ask him a few questions. I wanted to get specific answers. He could have answered my questions in one page. He did not attempt to answer them himself, but he turned them over to the head of the department to answer. Why could he not answer when he was in charge of a division? Why did he have to turn it over to the head of his bureau? And it took 15 typewritten pages for that bureau head to answer my few questions. About 14 of those pages are excuses, trying to explain away condemning facts. They are admitting the facts but trying to get around them with excuses and extended explanations.

Now, I want to read some of the questions I propounded, and I want you to note the bureau's answers to them. I want to show you just what exists in one bureau as to one agricultural commodity, the Katahdin potato—just one particular item, and show what it has cost the United States. My letter was addressed to Dr. E. C. Auchter, who is in charge of the division of horticultural crops and diseases.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. JONES. I agree with the gentleman that some bureaus should be abolished and others curtailed, but why limit it to the Department of Agriculture? Why does not the same need apply with reference to the Department of Commerce and other departments of the Government? Why not go right down through all of them instead of singling out the Department of Agriculture?

Mr. BLANTON. I am glad to hear the gentleman say that. I am not confining my attention to it. I am after them all. We will carefully weigh all of them. I do not think the gentleman heard the premise of my statement. He and I represent districts that are interested in agriculture. The gentleman from Texas [Mr. JONES] is chairman of the legislative Committee on Agriculture; his committee has charge of all legislation that affects the Agricultural Department. I want to go along with him to knock the unimportant bureaus and unnecessary bureaus out of all 10 departments, but because he and I represent agricultural districts and because our constituents are interested in agriculture no one could accuse us of wanting to get rid of something simply because our people were not interested. Therefore I took up for discussion this morning one commodity in one division of one bureau in the Department of Agriculture.

Mr. JONES. That seems to be the idea of everyone here; whenever they criticize governmental activities they always take the Department of Agriculture as their illustration. I think as the gentleman does. I am glad he made that statement.

Mr. BLANTON. I am going to submit to the incoming President a bunch of bureaus, taken from every single department of this Government, that ought to be wiped out and abolished.

Mr. JONES. Now, I think that is the correct position to take.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am always glad to yield to the gentleman from New York.

Mr. CLARKE of New York. Did not the gentleman have a chance to go along with such a program this week?

Mr. BLANTON. That was not a program that would save any money. It did not propose any real consolidation or abolishment. I want to see a program of real abolishment.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In just a minute.

I directed my letter of inquiry to Dr. E. C. Auchter, in charge of the division of horticultural crops, in the Bureau of Plant Industry, in the Department of Agriculture. My first question to him was:

How long have you been with the department?

The head of the bureau, Dr. William A. Taylor, had to answer for him. He said:

Doctor Auchter was appointed November 16, 1928.

My next question was:

What is your present salary?

The answer was:

Doctor Auchter's present salary is carried on our rolls at the rate of \$6,400 a year, with the 8½ per cent legislative furlough.

Then I asked:

What salary did you draw and what position did you hold when first entering the Government service?

Answer. Doctor Auchter was appointed November 16, 1928, as principal horticulturist at a salary of \$5,600 per annum.

Then I asked:

Please give all the changes made in your salary since you first entered the Government service up to the present time?

Answer. July 1, 1929, Doctor Auchter was promoted to a salary of \$6,000, an increase of \$400. January 16, 1930, he was further promoted to a salary of \$6,400, an increase of \$400.

Mr. LaGUARDIA. What was the subsequent record the gentleman asked for?

Mr. BLANTON. I am getting to that. He did not tell what position he was holding with the Maryland University or what salary it paid him when the Government first employed him at \$5,600 per annum.

Then I asked:

Please state whether or not you are professor of horticulture in the Maryland State University, what salary is now paid you by said university, and for how many years have you been connected with such university?

He says:

That university does employ Doctor Auchter as a lecturer on certain horticultural problems at a stipend of \$750 per annum.

A stipend. Do you know what Webster's Dictionary says about "stipend"? It says it is "a small gift made in small coins." Doctor Taylor sees fit to call this annual \$750 a mere "stipend." Doctor Auchter at this time is a \$6,400 scientist for our Government, and at the same time a drawer of a \$750 stipend from the Maryland University for lectures delivered to the university, while he is at the head of the potato department of the Government drawing another \$6,400 stipend from the American people.

Now, listen to this explanation of why the Department of Agriculture permitted Doctor Auchter to remain as professor of horticulture at the Maryland University for a long time after he had been employed by the United States:

At the urgent insistence of university officials the Secretary of Agriculture approved an authorization for Doctor Auchter to continue to direct certain courses at the University of Maryland, the time for performing this service being partly outside of official hours. With the establishment of Doctor Auchter's successor as

professor of horticulture at the University of Maryland, Doctor Auchter has been changed to the status of lecturer, as indicated above.

That shows you that they are partly within the hours of Government official duties when he delivers these lectures, and he admits that for a long time Doctor Auchter was permitted to be full professor of the University of Maryland, with time partly taken out of Government hours.

Then I asked him:

Please state whether or not you have caused to be rented from the Maryland University about 7 acres of land at approximately \$1,000 per year for a term of years?

And Doctor Taylor, replying, admits that they rented 9 acres at \$100 per acre, which would be \$900 annual rental, or approximately \$1,000 a year paid for the rent of 9 acres. But he used about three pages trying to explain and excuse such action. I quote from his answer the following:

This division of the bureau recommended that a cooperative agreement be entered into with officials of the University of Maryland covering experimental activities with sweetpotatoes and certain other truck crops—

And so forth.

Such an agreement was entered into between the director of the Maryland experimental station and the chief of this bureau, dated April 1, 1929, at the rate of \$100 an acre for 9 acres.

In other words, as soon as Doctor Auchter got employed by the Government at \$6,400 a year, although still holding his position with the Maryland University, his Government bureau leased 9 acres of land from the Maryland University and pays the university \$900 a year rental for the 9 acres; and that is done notwithstanding that we have got the Arlington experimental farm of 350 acres owned by the United States over here that ought to be adequate for the Agricultural Department experimental work. And the Government has other experimental farms. And I maintain that it was ridiculous for the Agricultural Department to pay a rental of \$100 per acre per annum for this land when it was at the same time also paying a rental of \$10.21 per acre per annum for 325 acres of land also over in Maryland for alleged experimental purposes.

Mr. COLE of Iowa. What is the land worth?

Mr. BLANTON. I do not know, I will state to my friend from Iowa, but I know that some good farm land down in Texas, in the black land belt, which at one time could have been sold for \$250 an acre, could not be sold to-day for \$40 an acre. I know that just now you can not find a market for land anywhere, and the idea of the Government paying \$100 an acre rental on land to the Maryland University for Doctor Auchter, lecturer for the Maryland University, to use for experimental purposes, is most ridiculous when we have this big experimental farm at Arlington of 350 acres owned by the Government. Is not it ridiculous?

But, wait; I want you to know what Doctor Auchter has been doing with all of this land, and what benefits for the people he has been getting with all this money. I asked him this question:

Please state whether or not last year you caused to be rented a farm in Maryland comprising about 415 acres, situated about 13 miles from the Capitol. And if so, please state: (a) The date you rented same; (b) the number of acres in such farm; (c) what is paid for it annually; (d) for how many years is it rented; (e) for what purpose is it rented; (f) what has been accomplished with it.

Are not these pertinent questions? From Doctor Taylor's reply I quote:

In the appropriation act for the fiscal year 1931, an increase was provided in this item particularly for leasing land. * * * Careful survey of land in the vicinity of the District of Columbia was made and finally an area was determined upon near Beltsville, Md. * * *. Two adjoining tracts were leased January 9, 1932, and February 1, 1932. The acreage in these two tracts totals 425 acres.

Now, what does he pay for the lease of it—this 425 acres?

The Government pays \$4,340 a year for this land, or \$10.21 an acre.

This is 425 acres at \$10.21 an acre, or an annual rental for same of \$4,340 paid by the Government, and there is also

the 9 acres for which an annual rental of \$100 an acre is paid, with all of this 350-acre experiment farm at Arlington already owned by the Government. He says:

These leases are annual, but subject to renewal at the option of the department until December 31, 1936.

Illustrative of some of the accomplishments Doctor Taylor and his bureau claim they have produced for the farmers, I quote the following:

Ten acres of Jerusalem artichokes have been grown in cooperation with the Bureau of Standards. A very keen nation-wide interest is being manifested in this crop not only as a vegetable but because of its importance for producing a special sugar (levulose). It appears that this sugar can be utilized by persons suffering from diabetes with less danger than other forms of sugar. Levulose is about 75 per cent sweeter than cane sugar. Chemists of the sugar section of the Bureau of Standards have developed new and improved methods for recovery of levulose from the Jerusalem artichoke, and accordingly we have cooperated in the production of tubers for this study. Breeding and selection work and variety tests in an effort to develop larger, smoother, and higher yielding strains have been conducted on this farm during the past summer. Some strains have as high as 17 per cent levulose and the indications are that by analysis and yield of tubers a production of 2 tons of sugar per acre might be obtained.

For Doctor Taylor to demonstrate to us successfully that he has benefited the American people by paying \$100 per acre annual rental on the acreage paid the University of Maryland and by paying \$10.21 per acre annual rental for the 325 acres near Beltsville, Md., he should have named some farmers at least whom he had started into the business of growing Jerusalem artichokes, and just how much levulose they had produced from their Jerusalem artichokes, and how many hundreds of thousands of dollars they had received for their levulose made from Jerusalem artichokes. These long-haired scientists dream and theorize and spend money in the name of agriculture and the American farmer, and in his name have wasted manifold millions, and yet have accomplished very little of value for the farmer, who is now worse off than ever before in the history of the Nation.

Then I asked the head of this bureau the following question:

You have probably seen the statement of Prof. L. C. Fitch, of Iowa, in Market Growers Journal of November 15, 1932, that the United States Department of Agriculture spent \$250,000 in developing the new Katahdin potato. Please advise me whether this is true, and in such connection advise me the amount of money the Department of Agriculture has spent in developing the Katahdin potato.

From Doctor Taylor's answer I quote the following:

We have seen the statement of Prof. L. C. Fitch, of Iowa, in the Market Growers Journal of November 15, to which you refer—

And so forth.

And Mr. Fitch stated:

Uncle Sam spent about \$250,000 in developing the Katahdin potato—

And so forth.

Now, notice that he admits spending over \$250,000, for from his reply I quote:

A little more than \$250,000 has been expended since 1910 in potato breeding and selection work.

He admits it. He admits what your distinguished official in Iowa had accused his department of doing, of spending \$250,000 to develop one kind of potato, the Katahdin potato, for that is the only kind it so far has developed.

Now, I want to show you something else.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SUMMERS of Washington. I know nothing of the controversy, but they did not make the statement implied by the gentleman there, surely, that they had spent all of this time since 1910 and this amount of money in developing one variety of potato.

Mr. BLANTON. Oh, they say they had experimented with various varieties, but thus far had developed only one but expected soon to develop another.

Mr. SUMMERS of Washington. And they have had many problems under consideration.

Mr. BLANTON. Doctor Taylor stated definitely that of the various varieties they have experimented with, up to this time only one variety had been named and commercially distributed, and that is the Katahdin potato. He said they expect to put out another variety at an early date, but this is the only one they have put out thus far.

After I had made him admit that "a little more than \$250,000 has been expended since 1910 in potato breeding," I then asked questions that made him admit that he had so far developed and named but one potato, the Katahdin.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield the gentleman five minutes.

Mr. SHREVE. Mr. Chairman, I yield the gentleman five minutes.

Mr. BLANTON. I thank both my friends, and I want to say in behalf of my friend from Pennsylvania [Mr. SHREVE], who on this bill has backed 100 per cent the chairman [Mr. OLIVER], that it is a public calamity for him to be taken out of public service here in this House on March 4. [Applause.] The gentleman from Pennsylvania knows all about the various bureaus of at least four departments of this Government. He knows as much about them as the heads of the bureaus themselves. He is a man who has fought here earnestly and faithfully and loyally to decrease the expenses of this Government. He is one man who can be depended on in every vote he casts, aside from partisan matters where you Republicans caucus him and force him to vote with you Republicans on sustaining the President's vetoes, and so forth, but outside of being shackled by Republican caucuses, he votes for the people every time he says "yea" or "nay" in this House, and I am one who is sorry he is going out. It is a great loss to the Nation. [Applause.]

Then I asked this bureau this question:

You are probably aware of the statement that the department has been breeding potatoes since 1910 and has put out only one variety to this date. Please advise if this is true.

Now listen to this answer. He says:

It is true that at the present time only one of a considerable number of promising potato seedlings has been named and commercially distributed.

And that is the Katahdin. He says:

Another variety will be named shortly and given an extensive field test in 1933.

Now, let us see what this famous \$250,000 Katahdin potato has accomplished for the farmers of the United States.

Then I asked this bureau this question:

You have probably seen the statement made by Prof. A. G. Tolaas, in the American Potato Journal of October, 1932, that the average yield of your new Katahdin potato on eight farms in Minnesota was 240 bushels per acre, while the old well-known variety of Irish Cobbler potato yielded 269 bushels per acre on the same farms. Please advise me your reaction on this statement.

From Doctor Taylor's reply, I quote:

We have seen the statement of Prof. A. G. Tolaas in the American Potato Journal of October, 1932, stating that the average yield of the Katahdin potato on eight farms in Minnesota was less than the yield of the Irish Cobbler variety.

Then he tries to explain, from which I quote:

In Mr. Tolaas's report to this department, giving the results of this season's study, he states:

"There has been a great deal of interest in this variety, and I believe that it does have a commercial possibility in this region."

Regarding one of our other seedlings, he states:

"From what I have seen of this seedling it probably would be even more suitable to our conditions than is the Katahdin."

Then I asked this bureau the following question:

You have probably seen the statement of Dr. John Bushnell in the proceedings of the seventeenth annual meeting of the Ohio Vegetable Growers' Association, 1932, that in three trials in Ohio the new Katahdin potato yielded 232 bushels per acre, while the old well-known russet rural variety yielded 286 bushels per acre. Please give me your reaction on this statement.

From Doctor Taylor's reply, I quote:

We have seen the statement of Dr. John Bushnell given in the proceedings of the seventeenth annual meeting of the Ohio Vege-

table Growers' Association, and we have personal reports from Doctor Bushnell. His report on the Katahdin this year, as well as last year, indicates that it is not especially suitable under his conditions.

Thus, you see Doctor Taylor did not deny the criticism made by Dr. John Bushnell, of Ohio, that after the Agricultural Department had spent \$250,000 since 1910 developing the Katahdin potato, the old well-known russet rural variety in Ohio had produced 54 bushels of potatoes more per acre than the \$250,000 Katahdin.

Mr. COLE of Iowa. The gentleman will agree that that is reducing the surplus.

Mr. BLANTON. I would rather have our potato farmers get all that is coming to them.

Mr. KNUTSON. This russet variety is an Irish potato.

Mr. BLANTON. Dr. John Bushnell refers to it as the "old well-known russet rural variety." It cost the farmers nothing, yet it is far more valuable than the \$250,000 Katahdin.

Mr. COLE of Iowa. No; this russet variety is a white potato.

Mr. BLANTON. I think Prof. L. C. Fitch, of Iowa, Prof. A. G. Tolaas, of Minnesota, and Dr. John Bushnell, of Ohio, know more about potatoes than the gentleman from Minnesota [Mr. KNUTSON].

Then I asked this bureau this question:

Please advise me whether or not the Katahdin potato is a late potato and not good in sections where early varieties are used, and also whether or not it has a bitter taste when cooked.

From Doctor Taylor's reply, I quote:

Katahdin is a late variety and will not compete with Irish Cobbler, if they are dug when the Cobbler is mature and the Katahdin is still immature. A few Katahdins were reported strong by one or two of the judges.

Then I asked this bureau for the following information:

Please advise me the date when F. J. Stevenson, of Minnesota, was employed by your department to assist in breeding potatoes. (a) What is his salary at the present time? (b) Is it not a fact that he has been paid by the Agricultural Department \$1,000 more than he received at the time he was employed? (c) Also please advise me whether or not it is a fact that said F. J. Stevenson never did any potato work until he was appointed to breed potatoes for the United States?

From Doctor Taylor's reply, I quote:

Dr. F. J. Stevenson, of the University of Minnesota, was selected from the civil-service list and employed by this bureau to assist in breeding potatoes on July 15, 1930. Doctor Stevenson's present salary is normally \$4,200 per annum, with the legislative furlough. He had been receiving a salary of \$3,300.

You will note that he was receiving only \$3,300 at the time he was employed by the Agricultural Department at \$4,200. Doctor Taylor then admits:

Doctor Stevenson had not specialized on potato breeding prior to his work in this bureau.

If he were not a potato expert, why did the Department of Agriculture pay him \$4,200 per year to assist \$6,400-per-year Doctor Aucter to spend \$250,000 raising and developing the Katahdin potato which is not as good as old varieties?

Then I asked this bureau:

Please advise me how many acres of land are in the Arlington experimental farm conducted by the Department of Agriculture.

Doctor Taylor replied:

Three hundred and fifty acres, exclusive of railroad and highway crossing the farm.

Is not that 350-acre Arlington farm owned by the Government enough for them to experiment with, without paying \$100 an acre annual rental to the University of Maryland for one tract of nine acres—\$900 at one whack; and without paying \$10.21 an acre for 425 acres, or \$4,340, annual rental to Maryland? If we do not wake up and stop spending these millions that are being wasted by these long-haired scientists in the Department of Agriculture in the name of the farmers, from which the farmers do not get a dollar's benefit, we are going to merit the disrespect and contempt of every farmer in the United States. Do you not think it is time for us to do something about stopping it?

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. COLE of Iowa. May it not be true that the same farmers are getting tired of Congress' spending millions of dollars making laws for their relief that do not relieve?

Mr. BLANTON. Certainly, they are tired of it. And we must stop it. I wonder if my friend from Iowa followed his leader yesterday and the rest of the Republican bell-wethers who voted to put that extra \$550,000 in the Army appropriation bill, and yesterday evening also voted to put \$2,500,000 additional into that bill? I do not believe my friend voted with his leaders, did he?

Mr. COLE of Iowa. Let me say—

Mr. BLANTON. It is a matter of record.

Mr. COLE of Iowa. I voted against every increase.

Mr. BLANTON. Good. I am glad to hear it.

Mr. COLE of Iowa. And I am going to continue to do so.

Mr. BLANTON. Good. And so am I.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. BLANTON. Mr. Chairman, will the gentleman let me have just two minutes more?

Mr. OLIVER of Alabama. I yield the gentleman two minutes.

Mr. SHREVE. Mr. Chairman, I yield the gentleman three minutes.

Mr. BLANTON. I thank both my friends.

Mr. FINLEY. Is the gentleman going to add to what he said a few minutes ago about the gentleman from Pennsylvania [Mr. SHREVE]?

Mr. BLANTON. Oh, I could speak an hour properly praising him.

Mr. COLE of Iowa. The gentleman is making a good speech, and he is entitled to additional time.

Mr. BLANTON. I want to say to my Republican brethren over here across the aisle that just because you are going out of power, does it not behoove you, just as much as it does every other Member of the House, to cut down expenses? Does it not behoove you, as much as anyone else, to reduce the cost of government so as to balance the Budget? I want you to look over that roll call yesterday on the \$550,000 amendment that was added to the bill, and you will see that your leader, the gentleman from Pottsdam, and your other big Republican leaders here, all voted for it, with the exception of my friend from Iowa [Mr. COLE], and you likewise voted for the additional \$2,500,000 amendment and passed both of them.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Oh, I know how the general stands. He was one of the Democrats who jumped over the traces and voted with the Republicans.

Mr. MARTIN of Oregon. Do not forget us Democrats who voted that way yesterday.

Mr. BLANTON. Oh, some of these days I am going to name all who voted that extra \$3,000,000 into the Army bill and who gave the limousines to the Secretary of War and medical officers.

Mr. MARTIN of Oregon. Do not put all the blame on the Republicans.

Mr. BLANTON. Oh, just a handful of Democrats jumped the traces and voted with the Republicans for these big increases.

Mr. MARTIN of Oregon. There was enough to put it over all right.

Mr. BLANTON. They were practically all Republicans, plus a few Democratic major generals over here, like my friend from Oregon.

Mr. MARTIN of Oregon. We put it over all right.

Mr. BLANTON. Yes; you and the Republicans did; \$550,000 you put in at one whack and \$2,500,000 at another whack, right against the recommendation of the Budget, against the recommendation of the President, and against the recommendation of your Democratic Committee on Appropriations. How are you going to square that when

you go home? I am glad that we are going to have a recess between March 4 and April 20, so that when the general gets home, as soon as he gets up there, somebody is going to say, "General, did you vote to increase expenses?"

Mr. MARTIN of Oregon. Will the gentleman yield? I have been home and got a very flattering support. Just look at my majority and compare it with your own.

Mr. BLANTON. I can not yield further. I had no opposition in the November election. I got enough votes in the primary to be back with the general in this Congress next year, and I am going to help hold him down on expenditures. I am going to help hold these spending major generals down. They are for spending every dollar that they can get out of the Treasury of the United States; I do not give a continental what it is for. They learn it at West Point, they learn it at the War Department and at the various corps areas of the United States. What do they care about the Public Treasury here? They want to spend continually, and I am going to help hold him down. You watch him in this coming Congress.

Mr. MARTIN of Oregon. That is the way we get votes.

Mr. BLANTON. That is not the way I get votes. He is going to quit that some time and he and I are going to get along together. He is going to wake up some time and see that the interests of the people demand that he stop this Army spending and this Navy spending, and he is going to cut loose from this Army and Navy Club some day and will stand here and help us vote for the people. You watch him. We are going to convert him, in spite of your big spending bunch of bellwethers on the Republican side of the House.

I want to say this to you in conclusion. I put some evidence in here the other day about Major Hoffman, and if the War Department does not investigate that, we ought to know why. Some of the newspapers in the country said, "Oh, BLANTON is always making charges." When I first brought to the attention of the officials here and of this House the facts about Colonel Forbes, the newspapers said that I ought to be thrown out of Congress and that my charges ought to be put in the wastebasket, that caused a complete investigation to be made, and when the officials got through with him he went to the penitentiary, did he not?

When I first made public my investigation of the facts to the officials of Washington and to the Members of this House respecting Albert B. Fall, the newspapers said my charges ought to go into the wastebasket and that I ought to be thrown out of Congress. But when the Department of Justice got through with him he finally went to the penitentiary, did he not? And when I first filed charges against former Insurance Commissioner Miller I was violently criticized by the press, but after my evidence against him was carefully investigated Miller was removed from office. When I got after Colonel Rudolph, with the help of Judge Gibson, he finally resigned. When I got after Colonel Sherrill, he quit and resigned. When I got after Captain McMorris, superintendent of park police, newspapers said it was all false, but he was removed from the office. When I got after Col. Frederic A. Fenning, he resigned, and when I produced the facts on Maj. Wolff Smith he resigned. I have gotten after many of them. The newspapers at first said concerning all of these cases that the charges ought to be thrown into the wastebasket and that I ought to be put out of Congress, but when investigations were concluded they changed their minds, and I am still in Congress.

We must stop these abuses and this waste of public money.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Chairman, a most extraordinary performance was witnessed in the House of Representatives last evening. A veto message came from the President, accompanied by an official communication from the Attorney General, to which the President referred, stating that the

opinion of the Attorney General set forth some of the reasons for the President's objections to the first deficiency appropriation bill, 1933, which he returned without his signature. The Attorney General's opinion was not read in connection with the message, but on the contrary unanimous consent for its reading was refused by the objection of a member of the majority party, which controls procedure here now.

I think there has been considerable misapprehension as to the duty of Congress upon the receipt of a veto message. I fear there are many who believe that when the Constitution provides for a reconsideration that requirement means only that there shall be a new vote and that the Congress shall pay no attention to the views of the President. I will read the provision of the Constitution:

Every bill, which shall have passed the House of Representatives and the Senate, shall, before it become a law, be presented to the President of the United States; if he approve, he shall sign it, but if not he shall return it, with his objections to that House in which it shall have originated, who shall enter the objections at large on their Journal, and proceed to reconsider it. If after such reconsideration two-thirds of that House shall agree to pass the bill, it shall be sent, together with the objections, to the other House, by which it shall likewise be reconsidered, and if approved by two-thirds of that House, it shall become a law.

What reconsideration did the House give last evening to the President's veto? The only one who spoke upon it, with some interruptions, was the distinguished Chairman of the Committee on Appropriations [Mr. BYRNS]. I submit in all candor and without any purpose whatever to criticize, that neither the remarks of the distinguished gentleman from Tennessee nor the interruptions which may be illuminating in connection with his remarks, gave the House any information upon which it might well proceed to a reconsideration, and to a new vote upon the bill in question.

The argument of the gentleman from Tennessee [Mr. BYRNS] was based entirely upon the theory that the language, to which the President's veto related, provided only for consideration by the joint congressional committee of refunds or credits of taxes, in order to give the House information upon which it might act in the passing of appropriations. That was perhaps the purpose of the original provision on this subject in the revenue act of 1928, although the avowed purpose of that amendment to the revenue act of 1928, at the time of its passage, was to provide publicity for these refunds. I call upon the Members of the House who may not be familiar with those provisions, to turn to the revenue act of 1928, to see what it actually does provide. It reads as follows:

No refund or credit of any income, war-profits, excess-profits, estate, or gift tax, in excess of \$75,000, shall be made after the enactment of this act, until after the expiration of 30 days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and a summary of the facts and the decision of the Commissioner of Internal Revenue is submitted to the Joint Committee on Internal Revenue Taxation. A report to Congress shall be made annually by such committee of such refunds and credits, including the names of all persons and corporations to whom amounts are credited or payments are made, together with the amounts credited or paid to each.

That provides for information to the Congress. It provides for publicity as to these refunds and credits, but the argument last evening, as indeed upon the passage of this provision in the House as a part of the first deficiency act, was based very largely upon the theory that this was merely a reduction of the amount of refunds and credits to be investigated from the minimum of \$75,000 to that of \$20,000. In that connection I will read a portion of the debate—in fact, the whole colloquy between the gentleman from Arkansas [Mr. RAGON] and the gentleman from Tennessee [Mr. BYRNS]—and I submit whether it is not placing the provision which was vetoed entirely upon a reduction of the amount of refunds and credits which are to be subject to examination. I read from page 2448 of the CONGRESSIONAL RECORD for yesterday:

Mr. RAGON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RAGON. I understand the President objects to the provision that gives Congress the right to investigate and refund amounts

that are above \$20,000. We have the right, or have been assuming the right, to examine all amounts above \$75,000. Has anyone ever objected to the constitutionality of the act that gave us that authority?

Mr. BYRNS. None that I am aware of. I thank the gentleman for his suggestion.

Mr. RAGON. Can the gentleman conjure up in his mind any reason, if we have the right to review refunds above \$75,000, why we should not have the right to investigate refunds above \$20,000?

Mr. BYRNS. Absolutely not. This seems to be an afterthought to protect those big refunds concerning which there has been so much suspicion in the past decade. No one should object to publicity. Mr. Speaker, I move the previous question.

That ended the brief argument of the gentleman from Tennessee [Mr. BYRNS], and no one else had an opportunity to speak on the veto message. There is nothing anywhere in the remarks of the gentleman from Tennessee to indicate that there was any substantial change in the provision of the first deficiency act, which was vetoed, from the provision of the revenue act of 1928, while the truth is that while the provision in the revenue act of 1928 provided for nothing but publicity and information to the Congress, the deficiency act, in its provision, provided that the joint congressional committee should have absolute and final power to determine whether a refund or credit should be paid. That feature was the main argument against the vetoed proposal. That is the argument upon which the Attorney General bases his opinion, but nothing was said last evening in the debate before this House on that phase of the question. It was only assumed that there was opposition on the part of the President to the matter of giving publicity or to the matter of the Congress getting information in regard to these refunds and credits.

Compare the language of section 710 of the revenue act of 1928, which I have quoted, with the language of the provision vetoed by the President, and the basic difference becomes apparent at once. The latter reads as follows:

Provided, That no refund or credit of any income or profits, estate, or gift tax in excess of \$20,000 shall be made after the enactment of this act until a report thereof giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation and action thereon taken by said committee. The said committee or its duly authorized staff shall have full access to all the papers and shall examine into and pass upon the case, and no refund or credit in excess of \$20,000 shall be made until the Joint Committee on Internal Revenue Taxation shall have so passed on such refund or credit, fixed the amount thereof, and made its report to the Commissioner of Internal Revenue; and no refund or credit in excess of \$20,000 shall be made without the approval of said committee. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction over the subject matter, or a decision of the United States Board of Tax Appeals, which has become final.

The nature of the consideration given the veto message before the vote last evening is further shown by the following excerpt from the only speech made in regard to it:

I have not had opportunity to read the opinion of the Attorney General, which is quite lengthy. It covers quite a number of pages—some 12 or 14—and the very fact that it does cover so many pages leads me to believe, possibly, the Attorney General found some difficulty in arguing himself into the idea that this bill is unconstitutional.

In fact, no one had an opportunity to read the opinion of the Attorney General. As I have said, objection was made even to allowing it to be read to the House, and that objection came from one of the real leaders on the Democratic side.

The President of the United States, who sent the veto to the Congress yesterday, is going out of office on the 4th of March. This legislation, which he vetoed yesterday, will have very little effect during his administration. It will not be his duty to operate under it, but the incoming administration, the administration of the gentlemen who refused to uphold the President's veto, the administration of the gentlemen who preferred to retain the provision which was enacted here, that administration will be operating under this act; and it starts out with a vote of nonconfidence on the part of the Congress of the United States in this ses-

sion, that it, forsooth, will not be able or may not be trusted to give a fair enforcement of the provisions of the revenue act of 1928, but drastic action must be taken now to prevent refunds and credits from being allowed and paid by the executive department of the incoming administration; and the next Congress, the Seventy-third Congress, must, through its own agency, examine and determine upon these questions.

[Here the gavel fell.]

Mr. CHINDBLOM. Will the gentleman yield me five additional minutes?

Mr. SHREVE. Mr. Chairman, I yield the gentleman from Illinois five additional minutes.

Mr. CHINDBLOM. The Republican leader, the gentleman from New York [Mr. SNELL], was compelled to ask unanimous consent that by the kind indulgence and sufferance of every Member of the House the opinion of the Attorney General might be printed in the CONGRESSIONAL RECORD, and so we have been privileged to read it this morning.

Are we thus to dispose of serious matters brought to us by the President of the United States?

Oh, the gentleman from Tennessee said that if there is any delay in this matter the cause of that delay and the blame for it does not rest upon him or upon the Congress but upon the President. That is the plain inference. Should the President of the United States refrain from the performance of his plain duty because there happened to be in an appropriation bill some items which are urgently needed? We all regret, for instance, that the appropriation for relief in the District of Columbia may have been delayed by this procedure, but most certainly it is the duty of the President of the United States to call the attention of Congress to the fact, which he believes to be a fact, that Congress is encroaching upon the prerogatives of the Executive authority. Not upon him, not upon President Hoover, was this Congress attempting to encroach, because he will shortly be going out of office, but upon his successor in office, upon the presidential authority, upon the Executive authority, no matter who the President may be, was the Congress attempting to impose an encroachment by assuming for itself an executive function.

Now, I am not taking the position that Congress does not have full right to pass all appropriations to pay refunds and credits. I think if Congress were disposed to do so it might pass a law that money once paid into the Treasury of the United States shall remain there forever and never be returned. That would not be a wise or just policy, but Congress would have the power to enact it into law.

I am not taking the position that Congress may not seek all the information it desires, that Congress may not require that there shall be a separate appropriation, for every single refund and every single credit, and that information shall be given Congress upon which an appropriation may be based for each individual refund and each individual credit. If Congress wishes to do that, well and good, but of course it would be in continuous session from the 1st day of January to the 31st day of December of every year. But I do say there can not be delegated to a joint congressional committee, as was so well stated in the opinion of the Attorney General, either the executive authority of the President, the judicial authority of the courts, or the legislative authority of the Congress of the United States.

The provisions to which the President objects did not even provide that Congress itself should have the final action in this matter, but that a joint committee, sitting when Congress is in session and when Congress is not in session, should have the authority to determine who is to receive refund or credit, not only by affirmative action, but by failure to act, by nonaction, or inaction, because if that joint congressional committee sees fit to ignore a refund or a credit which has been reported to it and takes no action whatever, no payment can be made.

O Mr. Chairman, I think upon reflection the House will not be proud of its action and conduct last evening. If the membership will read, and stop and consider the opinion of the Attorney General, they will reach a different

conclusion than was reached here yesterday upon the pretended reconsideration of this bill.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. I yield.

Mr. BACON. I may suggest to the gentleman that President Wilson took exactly the same stand in defending the position of the Executive.

Mr. CHINDBLOM. That is absolutely true. One of the first actions of the late President Wilson that came to my attention after my membership in this House, which began in 1919, was the message from President Wilson in which he vetoed the law for the establishment of the office of the Comptroller General on the ground that Congress was encroaching upon the rights of the Executive. Who is to protect the rights of the Executive authority unless the President himself does it?

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. I yield.

Mr. HASTINGS. Even the gentleman admits that Congress can pass or not pass an appropriation. Now, does the gentleman contend that Congress can not put any limitation it wants to upon the appropriation that it itself may make as to how it shall be disbursed and upon what condition it shall be disbursed? How can Congress refuse to make an appropriation except with a condition attached to it?

Mr. CHINDBLOM. It can not.

Mr. HASTINGS. There is no doubt about that.

Mr. CHINDBLOM. We can appropriate \$10,000 for the salary of the Chief of Staff of the Army of the United States, but we can not compel the money to be expended for salary to John Jones, to be appointed by the President. Of course Congress would have the physical power to insert such a provision in an appropriation item, but the net result would be no appropriation at all, for we could not make the limitation effective. You can not compel the President to appoint John Jones as Chief of Staff in order that the appropriation shall become available.

Mr. HASTINGS. But this is not compelling the President to appoint this committee. It is done by the legislation itself.

Mr. CHINDBLOM. The effect of this legislation is that no refund shall be paid or provided unless it is approved by a committee of Congress. Such a committee is not Congress itself; it is not even a legislative authority of the United States and certainly is not the Executive authority of the United States.

Mr. HASTINGS. Does the gentleman contend that we could not take it away from the Internal Revenue Bureau altogether and give it to a committee to pass upon it finally once and for all? Does the gentleman contend that we could not do that?

Mr. CHINDBLOM. I am not contending that you can not control the matter of appropriation, but you can not delegate the authority of Congress to a joint congressional committee; nor can Congress usurp an Executive function. [Applause.]

Mr. Chairman, under the leave granted to extend my remarks, I wish to make brief answer to the observations made by the gentleman from South Carolina [Mr. STEVENSON] in response to the foregoing. The gentleman is entirely correct in saying that I voted to override the veto of President Wilson in the legislation for the establishment of the office of the Comptroller General. Since that time, the United States Supreme Court, in the Myers case, confirmed the sole power of the President to remove officers appointed by him, even by and with the advice and consent of the Senate. It was believed that the Comptroller General would be held to be an officer representing the legislative branch of the Government for the control and audit of the expenditure of appropriations. Still, President Wilson and his advisers believed the provision for the removal of the Comptroller General, by Congress alone, infringed upon the powers of the Executive. That question has not been tested and will not arise unless a President should seek to exercise the power of removal in the case of the Comptroller General. My point was and is, that even in that case, which

involved an attempt by Congress to establish a service to aid the legislative branch in the enforcement of laws as against all other executive officers, President Wilson, fully within his rights, sought to practice the Executive authority.

The gentleman from South Carolina, in dissenting from my view of the constitutionality of the provision involved in this discussion, refers to the decisions of the courts as to the power and jurisdiction of the Interstate Commerce Commission. That reference is quite unfortunate. The courts have distinctly held, as to the powers given the Interstate Commerce Commission, that the delegation of legislative power to that commission is not unlimited or arbitrary or even discretionary, but merely empowers the commission to carry out the policies and discretion of the Congress within well-defined limits and according to established standards. As was said recently—January 5, 1931—by Mr. Justice Sutherland, of the United States Supreme Court, in *United States of America and Interstate Commerce Commission v. Chicago, Milwaukee, St. Paul & Pacific Railroad Co.* (282 U. S. 311):

Congress can not delegate any part of its legislative power except under the limitation of a prescribed standard.

Citing *Union Bridge Co. v. United States* (204 U. S. 364, 384, 385). In addition Congress, in establishing the Interstate Commerce Commission, must act strictly within the constitutional grant of authority to regulate interstate and foreign commerce. Upon the same line of reasoning, and holding that the authority granted was to be exercised in the manner and within the rules and standards fixed by Congress itself, the United States Supreme Court sustained the power granted the Tariff Commission in the flexible provisions of the tariff laws. Even if the Joint Congressional Committee on Internal Revenue Taxation were properly constituted for the consideration of tax refunds and credits for and on behalf of the Congress, what limitations upon their authority, what rules and standards for their action, what curtailment upon their exercise of arbitrary discretionary power is there in the provision vetoed by the President in the deficiency appropriation act? None whatever. The power given the committee is complete, full, and final, not only by affirmative action, but even by failure or refusal to act. How can such delegation of its authority by Congress pass the test of constitutional validity? Fortunately, the House vindicated itself, through the minority of its membership, by sustaining the President's timely veto.

Mr. SHREVE. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Chairman and members of the committee, in a short time the Secretary of State will issue a proclamation announcing an additional amendment to the Constitution of the United States. This will change the beginning of the service of the Members of Congress and of the President. It will do away with what has been known generally as the "lame-duck Congress."

It has been claimed by a good many Democratic leaders and newspapers that the necessity for an extra session of the next Congress is caused by there intervening between the election and the inauguration of a new President a session of a Congress containing many Members oftentimes, as this one does now especially, who are not reelected.

I voted for the resolution submitting it to the legislatures, but I have never been thoroughly convinced that it would change the situation at all legislatively on the part of the Congress. I have too much regard during my service here for the Members with whom I have served to believe that a defeat at the polls would change their judgment or their votes upon matters pertaining to the welfare of our common country. But the Democratic Party has hit upon this as an excuse for their failure to enact legislation that they pledged themselves to enact when they held their convention in Chicago, which resulted in their election in November.

Mr. Chairman, I am unable to see in what way the minority in this House or the Members who were not reelected to the next Congress have interfered with any program that the Democratic Party has presented. In fact, I do not know of any program that the leaders in this House

have presented for consideration at this session, unless it was that provision in their platform and in their pledges that declared for the repeal of the eighteenth amendment and the enactment of legislation changing the prohibition enforcement act so as to permit the manufacture and sale of beer.

Now, Mr. Chairman, we all remember the resolution submitted by the leader of the Democratic majority, at the request and demand of the Speaker, on the 5th day of December. That was a resolution to submit to State conventions the repeal of the eighteenth amendment. That was in the Democratic platform at the very top of it.

In my State it was the chief issue upon which the people were called upon to vote and upon which they did vote. Yet, Mr. Chairman, when this resolution was voted upon in the House December 5 last, a pledge of the Democratic Party presented by the Democratic leader recognized by the Speaker of this House under suspension of the rules, the resolution failed to pass by 6 votes.

Yet we find in the CONGRESSIONAL RECORD of that date where 44 Democratic Representatives in Congress voted against it. Thirty-three of them were elected to the next Congress and 11 were not. The names of these Members are as follows:

Ayres, of Kansas; Blanton, of Texas; Browning, of Tennessee; Busby, of Mississippi; Cartwright, of Oklahoma; Collins, of Mississippi; Cooper, of Tennessee; Dominick, of South Carolina; Doxey, of Mississippi; Driver, of Arkansas; Ellzey, of Mississippi; Eslick, of Tennessee; Fuller, of Arkansas; Glover, of Arkansas; Goldsborough, of Maryland; Greenwood, of Indiana; Hall, of Mississippi; Hare, of South Carolina; Huddleston, of Alabama; Johnson, of Oklahoma; Lankford, of Georgia; Larsen, of Georgia; Ludlow, of Indiana; McClintic, of Oklahoma; McKeown, of Oklahoma; Miller, of Arkansas; Mobley, of Georgia; Morehead, of Nebraska; Norton, of Nebraska; Parker, of Georgia; Parks, of Arkansas; Patman, of Texas; Patterson, of Alabama; Polk, of Ohio; Ragon, of Arkansas; Rankin, of Mississippi; Sandlin, of Louisiana; Shallenberger, of Nebraska; Swank, of Oklahoma; Tarver, of Georgia; Taylor, of Colorado; Wilson, of Louisiana; Wingo, of Arkansas; and Wright, of Georgia.

Of the 44 Democrats who voted against repeal, 33 were reelected, whereas but 6 additional votes were needed to pass the resolution. These Democrats were committed to outright repeal by their national platform. Reelected Republicans were not bound by their national platform to outright repeal, while those Republicans who were not reelected naturally go back to the national platform of 1928 for their mandate on the proposition. The full blame, therefore, for the failure of submission at this session of Congress lies squarely upon Democratic leadership and upon the Democratic Party, and not upon the lame ducks, either Republicans or Democrats.

Is this to be charged to the Republicans or to those who were not reelected, or is it to be charged to the responsibility of the party in power that promised repeal of the eighteenth amendment?

Mr. Chairman, I said in the Congress at the last session that the promise of the Democratic Party in its platform at Chicago, pledging itself to repeal of the eighteenth amendment by conventions, was nothing more than molasses to catch flies. I repeat it now. A resolution submitted to the people of this country to repeal the eighteenth amendment by conventions will never pass.

We know that a majority of the Southern States, and almost solidly Democratic, would never indorse an amendment to repeal the eighteenth amendment by conventions. If the Democratic Party were sincere in its desire to repeal the eighteenth amendment, the resolution would have provided for its submission to State legislatures as the lame-duck amendment was submitted and as every amendment to the Constitution has been submitted heretofore. It is nothing but molasses to catch flies. There is no intention on the part of the Democratic Party, if they insist upon such a resolution going to conventions, to repeal the eighteenth amendment.

Mr. Chairman, do you know what it would cost the people of this country for conventions to be called to vote upon repeal of the eighteenth amendment? It would cost not less than \$10,000,000, for the setting up of the machinery, and

so forth, either by the Government or by the States, to hold such conventions. In these times of financial distress, is it sensible or thinkable that any party charged with responsibility will submit this resolution to conventions?

The members of most of the legislatures were elected at the same election on November 8 that Mr. Roosevelt and Mr. Garner were elected, and the Democrats in the Senate and in the House were elected. Why, then, is there any excuse for submitting this matter to conventions instead of to legislatures when it would not cost the people anything at all to submit it to the legislatures? I can not fathom any other excuse for it except that the Democratic Party is not sincere and does not intend really to get rid of the eighteenth amendment.

Another evidence that this Democratic Congress does not expect to put an end to prohibition is that this bill appropriates \$9,120,000 for enforcing prohibition from July 1, 1933, to June 30, 1934.

It is likewise with their other promises and pledges with respect to changing the enforcement act.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield the gentleman five minutes.

Mr. DYER. The same thing is true, Mr. Chairman, as to that matter. The Democratic Party said they were for beer. In my city this was the only issue they held out—vote the Democratic ticket and you will have beer at once. I am told, in fact, there were some people down at an old ramshackle brewery that used to be in operation, on the morning after the election with their buckets, going to get this Democratic beer. Yet, Mr. Chairman, when this matter was voted upon in the House on December 21 last, and when the question came up of whether or not we should have this beer that the Democratic Party had promised us, we found 64 Democrats of this House voting against it. They are as follows:

Allgood, of Alabama; Almon, of Alabama; Ayres, of Kansas; Bankhead, of Alabama; Barton, of Missouri; Bland, of Virginia; Blanton, of Texas; Briggs, of Texas; Browning, of Tennessee; Burch, of Virginia; Busby, of Mississippi; Castellow, of Georgia; Clark, of North Carolina; Collins, of Mississippi; Cooper, of Tennessee; Cox, of Georgia; DeRouen, of Louisiana; Disney, of Oklahoma; Dominick, of South Carolina; Doxey, of Mississippi; Driver, of Arkansas; Ellzey, of Mississippi; Eslick, of Tennessee; Fishburne, of Virginia; Flannagan, of Virginia; Glover, of Arkansas; Goldsborough, of Maryland; Green, of Florida; Greenwood, of Indiana; Gregory, of Kentucky; Hare, of South Carolina; Hastings, of Oklahoma; Huddleston, of Alabama; Johnson, of Oklahoma; Jones, of Texas; Lambeth, of North Carolina; Lanham, of Texas; Lankford, of Georgia; Ludlow, of Indiana; McClintic, of Oklahoma; Miller, of Arkansas; Moore, of Kentucky; Morehead, of Nebraska; Nelson, of Missouri; Norton, of Nebraska; Oliver, of Alabama; Parks, of Arkansas; Patman, of Texas; Patterson, of Alabama; Ramspeck, of Georgia; Rankin, of Mississippi; Rayburn, of Texas; Sanders, of Texas; Sandlin, of Louisiana; Shallenberger, of Nebraska; Stevenson, of South Carolina; Sumners, of Texas; Swank, of Oklahoma; Tarver, of Georgia; Weaver, of North Carolina; Whittington, of Mississippi; Wilson, of Louisiana; Wood, of Georgia; Wright, of Georgia.

The people, as the great Lincoln once said, like to be fooled and you can fool them three times. They have been fooled on prohibition by the Democrats several times. In my State they were fooled the third time upon the question of prohibition. Once it was in the election of James A. Reed to the Senate; then again in the election to the same office of HARRY B. HAWES; then the third time in the last election.

I am surprised, Mr. Chairman, that the Democratic Party would come in here, or in the campaign speeches they are now making, and say that the Democratic Party's policies and platform pledges with respect to putting into effect their program, have been defeated by the Republicans. The truth is that the Democrats used prohibition to get into office, and a lot of Republicans were fooled into believing them. The Democratic Party has one thing in mind always and that is to get into office. They will promise anything and do anything to accomplish that. O my Republican friends, what fools you are to trust the Democratic Party ever.

I yield to my distinguished friend from Texas, for whom I have a great regard, for I know he is sincere in his advocacy

of the dry cause—I yield to him to tell wherein the Republicans or anybody on our side has prevented the Democratic Party from putting into law any of their policies or program.

Mr. BLANTON. Let me ask the gentleman from Missouri, did he not vote for the resolution of December 5 to submit the matter to conventions?

Mr. DYER. I did, because it was brought up under suspension of the rules, and there was no other way.

Mr. BLANTON. Then the gentleman voted for something that he says would cost the country \$10,000,000.

Mr. DYER. It would; but I want to say that I tried to get the Judiciary Committee to report out a resolution providing that it be submitted to the legislatures, but I was not sustained. There were Democrats on the committee and Republicans who would not vote it out. But the Democrats were in control of the committee. They could have voted it out. They are in control of the House, and they can not go to the people upon the question of prohibition and say that they have kept their word. They have not, and I think it will be a long time before they do.

In my State, what was the issue? We had a state-wide campaign by Representatives in Congress who had to be nominated and elected at large, because we did not have a redistricting of the State. The 13 Democratic candidates for Congress, some of whom had been here for years, and never in their life voted for any wet legislation, pledged themselves in writing that they would support the repeal of the amendment and beer.

Mr. Chairman, how men can change so quickly, I do not know. I do not question the sincerity of my colleagues.

In view of the fact that 44 voted against the repeal amendment and 64 voted against beer, I ask you to tell the people whether you have assisted your party to carry out its policies and program promised in your platform.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I yield 12 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, I want to discuss briefly a bill which I have introduced, H. R. 14135, to create Federal rural mortgage land banks, through which loans may be made direct to farmers throughout the country on first mortgages.

The necessity for such legislation is recognized by all. The bill creates 12 Federal rural mortgage land banks under the supervision of the Federal Farm Loan Board and authorizes loans to be made direct to farmers on first mortgages.

Federal rural mortgage land banks are to be created under the terms of the bill, one in each of the Federal farm land bank districts, with a minimum capital stock of \$25,000,000 each, which may be increased to \$40,000,000 each, all of which is to be subscribed by the Secretary of the Treasury with funds to be provided by the Reconstruction Finance Corporation, as in the case of the Federal home-loan banks.

Loans are provided to be made to farmers upon their applications direct, or through agents appointed at convenient points throughout each district, at 3 per cent interest per annum, plus an amount to be paid to amortize the principal, and to follow the rule applied with reference to the Federal land banks, which, extended over a period of 34½ years, would amount to 1 per cent per annum, or one-half of 1 per cent semiannually, which would make the total interest and amortization payment amount to 4 per cent per annum, and this 4 per cent would pay both the principal amount of the loan and interest.

The bill provides for the issuance of bonds secured by first mortgages on farm lands bearing a rate of interest of 3 per cent per annum, exempt from all taxation, Federal, State, and local, and the payment of the bonds, both principal and interest, is guaranteed by the Federal Government.

The directors of each Federal rural mortgage land bank are to be appointed by the Farm Loan Board and approved by the Secretary of the Treasury, and the employees of the banks, including attorneys, examiners, appraisers, and clerical force, are to be appointed by the respective banks with the approval of the Secretary of the Treasury and the Farm Loan Board.

The bill provides that money may be borrowed to the extent of 60 per cent of the appraised value of the land, plus 25 per cent of the value of the permanent insured improvements, for the purpose of paying off the present indebtedness against the land, to pay taxes, and for other farm expenses. Loans are provided to be made only to farmers; and in order that excessive loans may not be made to any individual, the maximum amount that may be loaned to one individual is limited to \$10,000 and the minimum loan is to be \$200. The limitation as to the amount is provided in order to extend the benefits to a larger number of small borrowers.

The bill follows in a general way the rural credit act approved July 17, 1916, except that the organization of local loan associations is not required, and instead of them agents are provided to be appointed at convenient places, who may serve one or more counties, to receive applications for loans and forward them to the Federal rural mortgage land banks for consideration. They would, of course, furnish blanks and give all needful information to prospective borrowers.

Mr. GARBER. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. GARBER. I am much interested in the legislation which the gentleman is so ably describing in his bill, but in that connection I would like to ask the gentleman, does his bill put any limitation on the acreage on which any one individual could borrow? Should there not be a limit of 160 acres?

Mr. HASTINGS. In reply to my colleague—and I know he is in sympathy with this character of legislation—permit me to say that there is a limit to the amount that any one can borrow in the sum of \$10,000, so while there is no limitation on the acreage there is a limitation on the amount that any individual may borrow. I think that meets the suggestion of my colleague.

Loans may be made only on first mortgage, and the borrower is prohibited from making a second mortgage on the land. This is for the purpose of requiring the farmer to retain an equity in his farm so that he will not be discouraged by a heavy mortgage indebtedness which he realizes he will be unable to pay.

Three things must be embodied in any successful legislation: First, the interest rate must be low; second, a second mortgage must not be permitted to be made, so that the borrower may always have an equity in his land; and third, the loans must be made for a time long enough to enable farmers to amortize the principal of their loans at not to exceed 1 per cent per annum, to induce them to take new courage and to inspire within them renewed hope that despite temporary setbacks and occasional disappointments they may ultimately be able to pay out.

The records show that 42 per cent of the farms throughout the country are mortgaged and the total amount of the farm-mortgage indebtedness is estimated by the Bureau of Economics to be \$9,241,390,000.

Literally, unnumbered thousands of mortgages are being foreclosed, farms are being sold for taxes, and the situation is extremely critical. Farm products are selling at ruinously low prices and below the cost of production. Corn is netting the farmer in my State around 12 cents per bushel, wheat 30 cents, oats 10 cents, and all other farm products and livestock are below the cost of production.

The Federal land banks are not utilized as the agency of the Government for the making of loans in the bill because the majority of the stock in most, if not all of them, is owned by borrowers or local loan associations who elect the majority of the directors to manage the banks, and the banks have approximately \$1,200,000,000 of loans now outstanding. For this reason it is thought desirable to create a new agency under the complete supervision of the Federal Government, acting through the Farm Loan Board and the Secretary of the Treasury. The farm-land banks will not be hurt but helped in two ways: First, it will be the means for finding new purchasers for foreclosed lands, and second, this bill, if enacted into law, will enhance the value of all farm lands, including those upon which farm-land banks hold first mortgages, and strengthen their assets.

In this bill the Farm Loan Board, with the approval of the Secretary of the Treasury, appoints all the directors of the banks and either appoints or approves the appointment of all of the subordinate officials of the banks, and in that way keeps the entire supervision and control of the banks.

With honest and intelligent management and rigid supervision there should be no loss to the Government or expense other than administrative expenses.

Under the bill the banks are authorized to issue, with the approval of the Secretary of the Treasury and the Farm Loan Board, 3 per cent bonds, secured by first mortgages, not in excess of twenty times the amount of their capital stock, exempt from all taxation, and it is believed that such bonds will sell at par, because their payment is to be guaranteed by the Government, both principal and interest, and the banks, being under the supervision of the Government, with honest and efficient management, should cause no loss to the Government. Hoarded money will readily seek investment in these bonds, and relief will be extended to not only the farmers but to all dependent upon them. The recent offering of Treasury notes in the sum of \$250,000,000 for five years, bearing interest at 2½ per cent, was oversubscribed.

The Reconstruction Finance Corporation is directed to transfer the amount of money necessary to pay for the subscription of stock by the Secretary of the Treasury. The minimum capital stock of each bank is fixed at \$25,000,000, with authority to increase the amount to \$40,000,000.

From the capital stock and the proceeds of the bonds authorized to be sold, to the amount of twenty times the capital stock authorized to be issued, it is estimated that an adequate sum of money would be realized to relieve the distressed financial condition of the farmers.

Titles to the lands secured by the mortgages must be examined and approved and the lands appraised by appraisers appointed with the approval of the Farm Loan Board.

Money was subscribed by the Secretary of the Treasury for the Federal home-loan banks, and was furnished by the Reconstruction Finance Corporation, in the same manner and language as is provided in this bill. Why not aid agriculture, the most distressed industry of them all?

Large sums of money have been loaned to banks, railroads, insurance companies, and corporations throughout the country, and I insist that the farmers, being the most distressed class of people, should receive immediate and direct assistance and be placed on a parity with industry.

The farmers have been in a very distressed condition for the past 10 years. Agriculture is one of our leading basic industries, upon which the happiness and prosperity of the entire country depend. The farmers have lost their purchasing power. As a result of this, all other classes of business dependent upon the farmers are on the verge of bankruptcy. The merchants in the agricultural sections sell less goods, and as a result buy less from the manufacturers in the East, and this has resulted in the closing of factories and in aggravating the unemployment situation. It is estimated there are approximately 12,000,000 people out of employment in this country at this time. Unfortunately, the number continues to increase.

Other legislation should be enacted for the benefit of the farmers, but, of course, all necessary legislation can not be included in one bill. It will require a series of bills to meet the situation. The bill which I have introduced covers the question of the mortgage indebtedness of the farmers and will unquestionably aid the thrifty and hard-working tiller of the soil if it is passed.

Other bills have either passed the House or are pending consideration before committees, and we hope for favorable action at an early date; if not at the present session, surely at the next session, which it is generally predicted will be called in April.

I shall not enter into a detailed discussion of the other remedies at the present time, but in my judgment, among others, we should modify our tariff laws, so as to regain our

foreign markets for the surplus products raised by the farmers throughout our country.

We regularly export about 200,000,000 bushels of wheat. Foreign governments because of our tariff legislation have retaliated against us, and as a result our foreign market for wheat is all but destroyed, and the farmers are forced to sell their surplus wheat upon a domestic market, which has depressed its price to around 30 cents per bushel.

We sell abroad about 60 per cent of the cotton we produce, and our foreign market for cotton being measurably destroyed, as in the case of wheat, our surplus cotton must be sold to domestic spinners, and as a result sells for less than the cost of production, and around 6 cents per pound.

The same is true of all other farm products, of which we regularly raise an exportable surplus. There can be no permanent recovery until our foreign market is restored.

We have passed in the House a temporary emergency bill commonly known as the domestic-allotment plan, which has for its purpose making the tariff applicable to certain farm products named in the bill, including wheat, cotton, hogs, and tobacco, of which we regularly produce or raise an exportable surplus.

Corn is, of course, largely fed to hogs, and will, therefore, be benefited. The terms of the bill require a reduction of acreage. This legislation would not be necessary if our tariff laws were amended so as to induce foreign governments to repeal their retaliatory laws and regulations, thereby restoring the foreign markets for our surplus products, both for industry and agriculture.

Second, I believe that legislation should be enacted for the expansion of the currency and for raising commodity price levels. Bills are pending in both branches of Congress, which I hope may receive favorable consideration at an early date. They are receiving the most intensive study of thoughtful people everywhere, both in and out of Congress. I do not minimize their importance. Let me repeat that all of these remedies can not be embodied in one bill.

Finally, permit me to say that the farmers of the country can not survive unless they are relieved from burdensome ad valorem taxes. This relief, of course, must come through State legislation. The farmers of the country are unable to pay their taxes and the upkeep of their farms, with all farm products selling below the cost of production.

The Federal Government can not enact legislation affecting ad valorem taxes on farm lands, but can set the State governments an example in economy by the reduction of Federal taxes, in the hope that the various State governments will reduce their expenditures and revise their State revenue laws so as to reduce the ad valorem taxes on farm lands. Unless this is done all other remedial legislation will fail.

At present the tenant farmers are perhaps in a better position than the owners of farm lands. The acute situation in Iowa, recently brought to our attention, is measurably true in every other part of the country. It is estimated that 42 per cent of the farms are mortgaged. Farms are being abandoned, forcing mortgagees, through agents, to take possession of the farms. The lands are eroding. The improvements are deteriorating in value and farm lands are becoming less productive. The House has passed the bill to extend crop-production loans to farmers to enable them to make their 1933 crops.

Congress should do everything within its power to relieve the situation; and while we have enacted legislation for the benefit of other classes, I submit that adequate legislation has not been enacted to enable the thrifty hard-working farmers to secure money to meet their bare necessities and enable them to retain their homes. This bill will enable them to do that if it is passed. The interest rate on loans is so low that it will not be burdensome. The passage of this bill will aid in restoring the prosperity of the farmers and every other class dependent upon the farmers will be benefited. It is easily understood. The Farm Board is already appointed. It can begin making loans in 30 days. This bill is conservative, will not involve the Government in any loss in excess of the administrative costs, and will

relieve agriculture and every other business dependent upon it. By requiring borrowers to subscribe for stock it is the hope that in a few years, not to exceed 10, that they will take over the control of these rural mortgage banks and relieve the Government of any further financial responsibility, except to maintain a continuing supervision through the Federal Farm Loan Board.

This bill, if enacted, will encourage farmers to help themselves. The Government gives them nothing except to lend them its credit and aids them through supervision. The hope and purpose of the bill is to lead unnumbered thousands back to the soil, encourage them to own their own homes, be independent and self-sustaining citizens, and, as agriculture is restored, lend a helping hand to every person, class, or business dependent upon the prosperity of the farmer.

If this bill is enacted, it is expected that it will result in the readjustment and scaling down and the settlement of innumerable claims secured by mortgages. A large number of individuals, insurance companies, corporations, and banks have claims and notes secured by farm mortgages who realize that there has been a depreciation in land values as well as in all other classes of commodities, and certainly it would not be to their advantage to bring foreclosure suits, secure a decree, and have the lands advertised and sold at public sale because they appreciate that, in the first place, if the lands were sold at forced sale they would not bring a sufficient amount to pay their mortgage indebtedness; in the second place, court costs and attorneys' fees would have to be paid; and, in the third place, there would be a delay of a year or more in instituting suit and securing a decree and in having the land sold at a forced sale, and during this time there would be a deterioration in the value of the improvements and in the erosion of the soil which would decrease the amount the mortgagee would ultimately receive.

It is therefore expected that a large percentage of the mortgagees would prefer to scale down their indebtednesses and accept the amount which could be borrowed upon the land under this bill, which is 60 per cent of the present appraised value of the land, plus 25 per cent of the appraised value of the permanent insured improvements, in payment of their indebtednesses and give a release so that the prospective borrowers would be able to give a first mortgage to the Federal rural mortgage land bank to secure new loans.

The borrower is prohibited by the terms of this bill from making a second mortgage upon the land, and those who have claims against him, which have been scaled down, will realize that they can not take a second mortgage on the land.

Agents representing the Federal rural mortgage land banks will be able therefore to adjust most of the claims secured by the mortgages and get releases in full by payment of the proceeds which the borrower may be able to secure from the banks upon first mortgages on the land.

I have no hesitancy in saying that this bill is workable and, if passed, will bring a great measure of relief to the farmers throughout the country.

Rules and regulations can be promulgated and loans made available to farmers within 30 days after the banks are established under the provisions of this bill.

This bill would in my judgment do more to stabilize conditions among the farmers than any other that is being considered by Congress at the present time. This and the other bills referred to, if enacted, will stop foreclosures of farm lands, enhance the value of farm products, and will not only relieve the farming class but all others dependent upon them. [Applause.]

Mr. SHREVE. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, a campaign of tremendous proportions is under way all over the United States to have Government research abolished. Research is vital for the health and prosperity of the people, for the proper enforcement of laws, and for the national

defense. It costs, on an average, 25 cents per person of the population per year. For every dollar spent in research the national wealth is increased enormously. The dollar is spent once, but the benefits continue indefinitely. If research is curtailed by the United States, those nations continuing it, like England, Germany, and France, will rapidly secure most of the world's trade. Universities and private agencies are incapable of carrying on the kind of research necessary.

FALSE ECONOMY PROPOSED

The Chicago Daily Tribune on August 30 last contained an article advocating various economies in Government expenditures. A list of appropriations was given which, it is claimed, the National Organization to Reduce Public Expenditures wishes to be discontinued. This program includes the discontinuance of practically all Federal research, the Federal control over foods and drugs, the meat-inspection service, and various other activities which are absolutely essential to the health, happiness, and prosperity of our people.

On October 15, 1932, the Chamber of Commerce of the United States issued a booklet entitled "Government Competition With Private Business," which also advocates the abolition of numerous activities of the Government. It maintains that all scientific research that does not have a necessary relation to Government properly belongs to our universities, which are claimed to be better equipped and qualified for such service.

It is my purpose to consider some of the consequences that must follow if the above campaign succeeds in abolishing Government research or in transferring it to universities.

NATURE OF GOVERNMENT RESEARCH

The United States conducts research for three purposes:

First. To promote the general welfare;

Second. To determine how to administer the laws most efficiently; and

Third. To increase the efficiency of the country in war.

The research work of the War and Navy Departments and of the National Advisory Committee for Aeronautics is primarily intended to satisfy the third purpose.

Studies of methods for crime detection and of food and drug adulteration, and much of the work of the Tariff Commission are examples of research of the second class.

The first kind of studies includes investigations of human, animal, and plant diseases, insect pests, soils, and fertilizers, dust explosions, standardization of all sorts of commodities, utilization of industrial wastes, and development of our natural resources.

The Government has no research projects the solution of which will benefit only single industries or small groups of people. The development of commercial articles or processes is left to private enterprise.

Most of the problems attacked by the Government require a large organization to offer any hope for complete success. These organizations are two kinds: First, those where a number of different kinds of scientists work on various phases of a single problem under the direction of an official who coordinates their activities; and second, those where several agencies work together simultaneously on the same problem. An example of the first kind follows:

RESEARCH AIDS GROWER AND CONSUMER

Commercial apple orchards can no longer be operated in much of this country without spraying to control the insects. For certain pests nothing was available but sprays containing arsenic, but arsenic leaves a residue on the apples which is injurious to health. When Great Britain refused to admit our apples, and various States passed laws on the subject, something had to be done quickly. As a temporary expedient, machines were quickly developed to wash the apples, but it was realized that this was too expensive for a permanent solution of the problem. Then it was decided to try to develop an insecticide that would be cheap, effective in killing insects, and harmless to man, domestic animals, and to vegetation.

Realizing the vast importance of this research to the fruit growers and consumers of the Nation, I have fathered a

small annual appropriation for this work during the past several years.

Toxicologists were put to work to find such a poison. Derris root, used by the South American Indians to paralyze fish which they afterwards eat, was finally decided upon as a likely clew. The natives of Sumatra and the natives of central Africa were found procuring their fish in the same manner. Then chemists studied derris root and found that rotenone was the substance that gave derris the properties of poisoning fish but not men. Entomologists started a series of tests on many kinds of insects and discovered that derris would kill equally well by contact or when eaten. Plant physiologists studied the effects of derris on plants, and nutrition experts studied its effects on rats and guinea pigs and then on men. Soil experts studied its effects on the soil, because the continued use of arsenates finally ruins certain types of soil for agriculture, and found that rotenone is harmless to the soil, to plants, and to warm-blooded animals. Pharmacologists sought other plants that would contain rotenone. Devil's-shoestrings, which grows as a noxious weed in the United States, was found to contain from 1 to 4 per cent of rotenone. It is now hoped that a way will be found to synthesize rotenone cheaply from some raw material like coal tar or sawdust.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. KETCHAM. Has the gentleman any information as to whether or not this new product of which he speaks can be produced in sufficient quantities and at a price that will make it available for the large spraying operations in his State and mine?

Mr. SUMMERS of Washington. That is a practical question. I am informed the solution of the entire problem is near at hand, and the development of an insecticide that will satisfactorily replace arsenic sprays also solves the problem of saving the health and lives of many workers in arsenic factories.

I might say further that there are enormous quantities of the derris plant growing in the deep interior of South America, and that it has been transplanted to some parts of the United States and, as I understand, is grown now successfully in an experimental way in this country. The devil's-shoestrings is a noxious weed in many parts of the country, and it is now found to contain, as I stated, 3 or 4 per cent of rotenone, the active ingredient of derris root, which contains the poison that kills the insect.

Mr. KETCHAM. Has the gentleman had experience in his section similar to that I referred to some time ago in our own section, as to the discriminations being quite prevalent between certain sections where the restrictions are enforced rigidly, concerning arsenical residue?

Mr. SUMMERS of Washington. That is what induced the research that is being made to develop a spray that would not be quarantined against even when a residue is left on the fruit. We have had that experience with our western fruit, which we are overcoming at this time by washing first with an acid solution and then rinsing with water, and then a drying process, all of which is rather expensive and requires expensive machinery. However, our fruit now comes to market in attractive appearance and ready for consumption as is.

Mr. KETCHAM. Can the gentleman say whether or not the experiments with rotenone are approaching a practical stage where we can look to its use in the near future, instead of arsenical sprays?

Mr. SUMMERS of Washington. I am informed that we are rapidly approaching that stage.

An example of the cooperative type of study is that of the most efficient method of applying fertilizers to crops. It was found that a considerable part of the fertilizer bought by farmers was being wasted through inefficient methods of application. A project was then organized in which agricultural engineers were entrusted to develop the machines necessary to try out various methods of application.

Fertilizer technologists prepared the necessary fertilizers, and various State experiment stations furnished the neces-

sary land, labor, and care. Agronomists were assigned to the problem, by both the Government and the National Fertilizer Association. As a result of this group of scientists working together, it has been found that placing the fertilizers uniformly in bands at the sides of the seeds will produce much better returns to the farmer than will the old methods of application. Farm implement manufacturers are now building the necessary improved distributors. A single scientist working by himself could never have solved this problem.

SHOULD GOVERNMENT RESEARCH BE TRANSFERRED TO UNIVERSITIES?

The Chamber of Commerce of the United States claims that research not necessary for functions of government should be carried on by our universities. Who will provide the funds if this is done? If they are not provided from some source outside the universities, this class of research probably will not be carried on at all by the universities. In the final analysis, scattered research would cost the taxpayer vastly more than concentrated research now costs.

The Government can not depend upon promiscuous research projects at the universities, but must control its own research in order to have done those things that are necessary to the proper conduct of the public business. Any fact-finding work done outside the Government is subject to the possibility of being regarded as biased by the political or commercial connections of the persons conducting the work. Under any circumstances, it could not have the authoritativeness and command the confidence that Government reports do.

However, much excellent research is being done at our universities, but it is largely of an entirely different type from that being done by the Government. College research, as a rule, is carried on by professors in their spare time, assisted by graduate students, and the nature of the problems studied depends upon the interest of those making them.

The Government has already provided itself with facilities necessary for the highest types of research. Much of this equipment can be found nowhere else in this country, or in the world. It includes complete files of the world's scientific and patent literature, which are found in the Library of Congress, the library of the Department of Agriculture, the Surgeon General's library, the Patent Office library, and other special libraries located in Washington. Certain kinds of important research require access to complete collections of scientific specimens, such as those in the National Museum and the Department of Agriculture.

Research is greatly promoted by ability of the scientist to consult with other scientists. This can be done nowhere as it can in Washington. This is appreciated by many of the large trade associations, which have built their research laboratories in Washington, as, for example, the National Canners Association, the National Institute of Dyers and Cleaners, and so forth. A number of other scientific institutions neither connected with industries nor the Government, such as the National Research Council, the Carnegie Institution, and the headquarters of the American Chemical Society, are located in Washington and employ many scientists, who are all mutually helpful to each other and to the Government in scientific work.

To transfer the research work of the Government bodily to universities would involve abandoning facilities already provided, and the building of new ones at large expense, which when built would not be entirely satisfactory. It would ultimately lead to duplication of effort, study of problems having no bearing upon the welfare of the people, and the ignoring of problems vital to the welfare of the country. It would also cost the taxpayer more than it does now, with less results.

NECESSITY FOR GOVERNMENT RESEARCH

The necessity for study of means to control human diseases and eradicate them, if possible, is apparent to nearly everyone and needs no argument. The absolute necessity for constant research on plant and animal diseases and insect pests is not, however, so apparent to many people. Every year new diseases and insect pests gain entrance into this coun-

try or native species break loose from the control exercised by nature until the advance of civilization upsets the balance.

In the past 20 years a number of potato diseases became epidemic. Any one of these would have made the growing of potatoes impossible in this country except for the prompt research and control work of the Department of Agriculture.

The rusts and smuts would have wiped out the wheat belt if it were not for timely research.

Because of lack of research, the blight has practically exterminated our native chestnut trees, and mosaic disease at one time had wiped out our sugarcane industry, which research, however, has since restored.

Those in a position to know predict that this country would face famine in 10 years if all research on plant diseases and pests ceased in the meantime. Not all research projects are undertaken to prevent disaster, but when such is not the case they have to offer hopes of big returns to our people before they are undertaken.

COST OF RESEARCH

A survey of detailed appropriations indicates that the total spent for all kinds of research in the present fiscal year will be less than 1 per cent of the total Budget and only about 25 cents a year per person of the total population.

PROFIT FROM RESEARCH

In 1927 Dr. A. F. Woods, director of scientific work, Department of Agriculture, made a careful study of the financial return for every research project in his department. The details are given in the May 11, 1927, issue of the Official Record. Examples will show how this study was made.

The number of people killed and injured and the property losses from explosions in industrial plants was increasing each year before 1922 at an alarming rate. Flour mills, planing mills, collieries, and many other kinds of factories suddenly exploded with terrific violence, and no one could explain the reason for it or how to prevent these explosions. No one industry could be expected to make a thorough study of this problem, because it affected many industries. In 1922 the Department of Agriculture set to work on the problem, and soon was able to demonstrate that static charges of electricity generated on moving belts were capable of igniting many kinds of dusts when floating in the air. At that time I sponsored a small annual appropriation to eliminate dust explosions and resulting fires in wheat-threshing machines and grain fields. This problem is now well-nigh solved, with the happy result of lower insurance rates on machines and grain and the prevention of many destructive fires.

With the application of preventive measures, the difference in the financial losses from dust explosions in the five years before and after the work of the department was published was over \$1,000,000 annually. Doctor Woods, to be conservative, only credited half of this saving to the research on the subject. No attempt was made to evaluate the saving of life and limb in terms of dollars.

Small, damaged, and misshapen citrus fruits, together with the unsalable surplus in extra good years, were formerly worse than wasted because it cost money to dispose of them. Research has developed processes for creating valuable products from them. These products include essential oils, citric acid, pectin, and many other valuable commodities which can be stored until needed. This work to date has yielded an income of \$7,000,000 to the growers of citrus fruits besides providing employment to many people and a chance for enterprising individuals to establish new industries.

The 23 projects of the Bureau of Animal Industry completed at the time of the study mentioned, at a cost of \$50,900, have resulted in a saving to the people of this country of \$62,000,000 annually.

As one might expect, some projects were much more profitable than others, but most of them had been so successful that on an average for every dollar spent the wealth of the country has been vastly increased annually. It should be borne in mind that the dollar was spent only once, but the return continues every year thereafter, and that no allow-

ance is made in this estimate for the saving of lives or the increase in health, comfort, and happiness of the people.

RESEARCH AND OVERPRODUCTION

Recently the argument has been advanced that research is responsible for overproduction and that research should be stopped. It is true that research in the last 20 or 30 years has made it possible to do the Nation's work with much less drudgery and with fewer hours of labor, and at the same time has increased the length of our lives, improved our health, elevated our standard of living, and added in a thousand ways to our comfort and convenience.

The present excess of goods is due to a reaction from the conditions produced by the war and to the rapid decrease in purchasing power of the people, rather than to too efficient production. If by working with the improved tools and methods which research has provided more can be produced in an 8-hour day than can be consumed, industry and agriculture should be reorganized, on the basis of a shorter day.

If the United States should abandon research the other countries of the world by continuing research would quickly outstrip this Nation in efficiency. The result would be that we should in a very short time not only be unable to compete with England, France, Germany, or Holland for world trade, but we should actually be unable to compete in our own home market in spite of any tariff we could impose. The United States would cease to be self-supporting and its industries and workmen would be forced to emigrate to countries where modern methods and progress remained the rule. A research holiday, like disarmament, must be world-wide or else the nation continuing research will reap an easy advantage over the nation that suspends her research activities.

Mr. ARNOLD. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Chairman, in connection with the farm bill which we had under discussion a few days ago, I rise for the purpose of calling attention to the English wheat act, which is on all fours practically with the act which the House passed the other day, but which applies only to wheat. I was unable to get a copy of that statute which was enacted on May 12, 1932, until last Saturday, and I want to call the situation to the attention of the House so that anyone who is interested may have a chance to read the act. The act is published in Chitty's Annual Statutes for 1932, and is to be found on page 58, volume 28, part 1. This is a very interesting statute, because it parallels almost literally the act which we had under discussion. In this act the standard price of \$1.44 per bushel is established for wheat, and translated into the present rate of exchange it means \$1.01 per bushel for wheat, American money. It levies a processing fee on the miller for the difference between the general average level of prices prevailing in the Kingdom and the standard price. It provides for the payment of that difference as a premium to the wheat grower. The bill has exactly the same underlying philosophy. It provides for determining the average price of wheat, then establishing a standard price, charging a processing fee on the domestic wheat and imported wheat, and paying the premium to the producer of that wheat. Since I did not have the citation to the actual statute, I merely mentioned it the other day in the discussion. I have secured several comments from English newspapers on the operation of that act. Here is a comment which I wish to read, from the London Times of Monday, December 5, 1932. The London Times is one of the great newspapers of the world. In this act a wheat commission was established to administer the law. I am going to read the comment which appeared in that paper on the date mentioned:

The wheat commission's announcement that an advance payment will be made this month under the wheat act is very welcome to corn growers. The amount of the payment is larger than had been expected in view of the fact that we are not halfway through the cereal year and that many farmers have of necessity cashed a larger proportion of the crop in the first three months after harvesting. It will be noted that the interim deficiency payments of 13s. 6d. per quarter will be made only on wheat certificates which were delivered to the commission by

November 30, but Lord Peel, the chairman, has announced that another interim payment will be made early in the new year on account of wheat sales completed during the next few weeks. A tribute is due to the wheat commission and the local panels representing growers and merchants who are operating the novel machinery of the wheat act so successfully. When the measure was before Parliament there were some gloomy forebodings about the operation of the act, but even poultry keepers, who were particularly apprehensive about the effect on the market price of home-grown wheat, should now be satisfied that the assistance given to wheat growers does not injure other interests.

Here is a little earlier comment, in the London Times of November 1, 1932:

The wheat act has its critics among farmers as well as politicians, but if the experience of other European countries is any guide this measure will result in a substantial alleviation of the financial distress felt most acutely in the arable areas of eastern and southern England.

The entire article can be found in the Congressional Library if anyone desires to read it.

Here is another communication of December 2, in the London Times, entitled "The Prosperity of Agriculture":

Speaking at Louth, Lincolnshire, last night Major Elliot said that the prosperity of agriculture could not be built upon exploitation of the towns. To-day, for the first time, they had the sympathy of the towns for the countryside. It was essential that that sympathy should not be lost.

Therefore in all their schemes they had to see that the countryside did not forget what the towns had so often forgotten, that the towns and the country sank or swam together. * * *

The wheat act insured a profitable price for this year's crop. * * *

The Minister of Agriculture was asked if this action would be permanent or temporary.

He could assure them and the agriculturists of the country that the policy of securing a rise in wholesale prices was the firm determination of the Government, not lightly undertaken and not lightly to be cast aside.

The article also refers to the Ottawa agreement, and may be found in the London Times in the Library.

I read these comments and call attention to the citation of the act, so that anyone who is interested may know that there are similar plans being tried and similar conditions sought to be healed in other countries as well as our own. The measure which we prepared is of a temporary nature, in the hope that it will give relief to the temporary condition that prevails here and elsewhere.

Mr. HALL of North Dakota. Will the gentleman yield?

Mr. JONES. I yield.

Mr. HALL of North Dakota. I may say to the gentleman from Texas that the issue of the New York Herald Tribune a week ago last Sunday carried a much more extensive report on the operation of that farm wheat bill in England.

Mr. JONES. Yes. I was getting these comments from the English papers to show what they themselves thought. There was also an article in the New York Times of last Sunday in discussion of this particular act.

Mr. KVALE. Will the gentleman yield?

Mr. JONES. I yield.

Mr. KVALE. Is the English plan a temporary plan?

Mr. JONES. The English plan has no time limit in it. However, I have read the discussions in the report of the parliamentary debates, as far as I had the time to do so. The emergency situation seemed to be the basis of the discussion and the enactment, although there appears, as far as I can learn, no time limit.

Mr. KVALE. Is it interknitted with the Ottawa agreement with reference to the preferential treatment of Canada?

Mr. JONES. No. It is entirely separate from the Ottawa agreement.

Mr. BOILEAU. Will the gentleman yield?

Mr. JONES. I yield.

Mr. BOILEAU. England has no exportable surplus of wheat.

Mr. JONES. No. And they have no acreage limitation in the act. I intended to state that the distinction between their bill and ours is that they have no exportable surplus and they naturally provide no acreage limitation. They are

endeavoring to get a fair price, as they term it, for the commodity that is grown, and to relieve the distress that exists in the agricultural section.

Mr. BOILEAU. It is working quite satisfactorily, even though there is no exportable surplus?

Mr. JONES. That would seem to be the indication according to these reports. These are the latest comments upon its actual operation. It is interesting to note that one of these issues carries a notice of a dividend declared by one of the milling institutions. It did not seem to put them out of business anyway.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SHREVE. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I desire to have an opportunity of speaking for a few minutes about the instrumentalities which we recently set up for the relief of our people, and, if possible, contrast them with some of the inflationary schemes that are being advanced by so many who are, no doubt, sincerely desirous of doing something to relieve the present distress. It is, however, necessary that we subject these seemingly plausible propositions to careful analysis.

I wish first particularly to refer to the home-loan bank, to the functioning of which instrumentality my attention has been especially directed, because I was very enthusiastic about its possibilities as a relief aid when it was established by the Congress.

I fully realize the great discouragement and disappointment attendant on the seeming failure of these home-loan banks to function as we intended that they should. During the Christmas recess I took special occasion to interview the officials of the bank in my own section and was fully informed as to the progress which it had made. I had previously requested and received much of this information in writing. What I desired to know, if possible, was the reason for its failure to make loans and do so expeditiously.

I am not to-day going to take too critical an attitude, but it seems that possibly both I and some of the rest of you may need to apologize for some of the injudicious statements which we may have made on the stump as a result of our enthusiasm and expectation of what the home-loan bank was going to do. We said, "Wait patiently until October 15 when we shall have the set-up." To our financial institutions we said, "Hold back. Do not foreclose mortgages until these establishments have had a chance to begin functioning. Relief will surely be made available for large numbers of mortgage holders without the necessity of resorting to foreclosure."

October 15 came; November 15 and December 15, with no relief in sight. I acknowledge that in my section of New England all but one State would have to alter their laws before our institutions could subscribe to the stock of the home-loan bank, but I learned that one New England State had already—on the approval of its attorney general—made such subscription and that small sum was all the funds in the possession of the local home-loan bank for carrying on its activities, principally, of course, taking care of its personnel pay roll. The bank which had subscribed doubtless needed money quickly, but no Federal funds had been apportioned to New England up to about January 1 of this year.

I wish it to be fully understood that I am blaming no one in particular for this. In the set-up of such an executive organ there should not be too hasty and ill-advised action, of course. The board is working daily far into the night, trying to formulate proper safeguards and issue instructions to the regional institutions on the subject of proper banking methods and procedure.

I asked these officials the question, "Suppose you are called upon to appraise a piece of property for a direct loan, how would you proceed?" and was informed that some 32 pages of instructions had been issued to them by the central board telling them what should be done. Doubtless the exacting methods and customary governmental red tape were required.

I then asked, "What about the Couzens amendment in the creating act, under the provisions of which they were supposed to be able to make direct loans up to 40 per cent of valuation, possibly to relieve unemployment, if made for the purpose of repairing property or new construction?" The answer was, "Well, the Washington board does not approve of that sort of direct loan, and we have not been authorized to make it."

I said, "How many applications have you had for such loans?"

The answer, "About 3,000."

I asked, "How many under the category of direct loans for new construction—new homes—which would put people to work?"

"Possibly 200."

I then inquired of the central board as to its attitude toward making direct loans of this nature, and the answer was, "We have to be extremely careful in formulating these rules. This is a permanent organization set up by Congress. We must be very strict in order that this may be a sound institution, since we have got to sell a very large amount of bonds to the public in order to obtain funds to build it up."

They advised me to look at the Federal land bank set-up, where only 50 per cent is loaned. They suggested that I look up the present value of this Federal land bank's bonds. "We have weeded out these applications for direct loans very carefully," they told me, "and can find few, if any, which we could say would be safe for us to make a loan upon." They maintain that a man is not a home owner until his house is actually built, and that their attorneys have advised that it is not proper to make a loan on such premises until they are actually occupied by the owner.

In consequence if a man has sold land to a party and in all good faith told him that he would be able to get a direct loan for construction up to 40 per cent, because new construction, which would help to relieve unemployment, would be particularly favored, he has now got to advise him that no direct loans are favored, as not being the real purpose of the Congress.

Of course, if I were a member of the board and had to help in formulating rules and regulations so that the bank would be a permanent institution, which would not lose its stockholders' money, I, too, should naturally be very cautious in establishing the policies to be followed. It is probable that the board does not believe in the Couzens amendment, and consequently direct loans will not be made, except under pressure. Seemingly the board does not consider it "good banking" and believes that this home-loan bank was intended only as a reservoir of credit for savings banks, cooperative banks, and other home-lending institutions.

Let me now refer to the Federal reserve bank—the most important instrumentality of our banking system. When I returned home last summer I called at the reserve bank for my district and said, "Congress has passed the Glass-Steagall bill, which allows your institution during the next six months to loan direct to customers. Are you going to do it? Congress has expressed the intention that you do so, when necessary. Is your own objection to this manner of banking to outweigh the intent of the Congress?"

It could readily be seen, of course, that there was no desire to engage in this form of banking, but I was finally informed that if I had any constituents who could prepare a good financial statement and furnish a guarantor, who could also present such a statement, I might send them to the bank and they would receive consideration. But I am pretty well satisfied that the Federal reserve bank has made few such loans. Upon inquiry I have been told that the New York Federal Reserve Bank has made a very limited number, but I do not think that they particularly wish to do so.

We Members of Congress thus seem to be unable to pass any sort of a law which will be effective in forcing bankers to do something which may be contrary to what they consider to constitute a proper banking transaction. In this

respect our efforts with the Federal reserve banks have been unavailing.

Now, you know and I know that our bankers, taken as a whole, are not open to strong criticism. Last year I visited many of the banks in my district and asked to see their latest reports. I have words of only the highest commendation for their officials. They have loaned all the money they could with safety. Under existing conditions they naturally hesitate to rediscount for new businesses and have even been forced to curtail their loans to established concerns. You and I are continually receiving word that much needed credit can not be obtained. Those who have loans in banks are being requested to repay them rather than being allowed additional credit. We can not criticize our banks for that, the situation being as it is. In my district, banks have in the past made liberal loans for the upbuilding of their own localities and now find real-estate mortgages and other similar collateral to be frozen assets in their hands.

And now I also wish to say a word about the Reconstruction Finance Corporation, for which I have high praise. It has undoubtedly saved hundreds of our institutions and the depositors therein. It is now loaning large sums to the regional agricultural credit corporations and is greatly assisting the farmers through this agency. However, many local banks to which these farmers owe money are demanding that they go to the regional credit corporation and obtain money to repay such loans to the local bank, which is in turn being pressed by the larger bank to which it is indebted.

In other words this instrumentality, too, is primarily saving the large financial institutions, which is of course good—and it incidentally saves their depositors—but now something must be done so that the country can proceed to do business. Not only new business, but business as it has been carried on in the past. We must do something more than has been done. I desire to be conservative and careful in the matter. I tried to be sympathetic with the viewpoint that what was needed was more currency, when I voted for the Goldsborough bill, last session. [Applause.] I do not want you to applaud that statement, because I should now vote against it. [Applause from the other side.]

I have changed my viewpoint as to the necessity of such legislation because during the action on the Goldsborough bill the Federal Reserve Bank did buy bonds in the open market and extended almost a billion dollars of credit to the member banks—credit which the banks would not make use of. There is still large credit available to the member banks, but it is seemingly undesired.

Print all the currency you wish and apparently the banks will not take it. There is \$42,000,000,000 of deposits in our banks to-day, and we think that our credits in these banks are as good as gold certificates, or Federal reserve notes earmarked as gold, or other lawful money, whether earmarked with gold, or not. Yes, there is now \$42,000,000,000 on deposit in banking institutions against only about \$4,000,000,000 in actual gold. There is no need of any more currency to be provided by any process of inflation.

I have read and reread Mr. Busby's recent speech. He does not care about leadership, or rules, if only he can carry out his honest viewpoint. He says:

I am for the poor people and want a billion dollars of currency issued within 30 days. If this should not be sufficient to raise prices, issue another billion in the next 30 days. If this is still not enough, put out a third billion the same way. Have the Federal reserve banks furnish this new currency to the Government at, let us say, 4 per cent—

Although he believes that 1 per cent may be enough—and have the Federal Government pay its employees and debts in such actual currency. It will then really get into circulation, producing velocity in business and thus cure the present situation in short order.

Give us our salaries in currency and we will run right down to the bank and deposit it, just as we do our checks. Nobody desires to have much currency in his possession. We prefer credit at the banks, subject to check or order. People want and need more credit—as much as possible of that

credit on which, as Mr. Busby says, nine-tenths of the business is done in normal time.

Mr. BUSBY. Will the gentleman yield?

Mr. GIFFORD. Have I criticized the gentleman so that I need to yield? I do not want to yield unless I have criticized the gentleman.

Mr. BUSBY. You have not criticized me yet.

Mr. GIFFORD. I have sympathy and great admiration for the gentleman for his sincerity and his studious attention to the subject.

Mr. BUSBY. I do not want your sympathy. What we need is to find relief for the people instead of having this condition continue.

Mr. GIFFORD. I am not ready to criticize the gentleman because possibly he knows much more than I; and I stand here to-day merely to say to the gentleman that, while I do not pretend fully to understand all the theories of finance, like many others, I am trying to analyze his proposition.

I want to protect the depositors of that \$42,000,000,000 who believe that their bank accounts are as good as gold. So long as such confidence remains unimpaired, and we cease to propose highly debatable schemes of inflation which put fear into the hearts of our people and into the institutions which grant credit based on honest money, we have a chance of returning to normal. I will say to the gentleman from Mississippi that these repositories of the people's money have good reason to fear such inflationary measures.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield the gentleman five more minutes.

Mr. GIFFORD. In mentioning the gentleman from South Carolina [Mr. STEVENSON] I wish to say that I have the very highest regard for him, and that I have followed his reasoning in banking legislation with much interest and appreciation. I realize that he is perhaps the best-informed man in the House on these matters. But when he tells us that we should balance the Budget by using the Goldsborough idea of expansion, by having the Federal reserve banks print currency in return for Government bonds at 1 per cent, it is impossible for me to follow him. He says that in these hard times that is the way to balance the Budget and that in good times, when we are making money, we can gradually retire this currency. This, coming from a man like the gentleman from South Carolina [Mr. STEVENSON], is most alarming.

Mr. STEVENSON. Will the gentleman yield?

Mr. GIFFORD. I shall be glad to yield.

Mr. STEVENSON. How are you balancing the Budget now? How has your Secretary of the Treasury been doing it? He has been selling 3 and 4 per cent bonds and getting the money in this way and getting us worse in debt every day.

Mr. GIFFORD. I fully understand; that is why I am worried. The gentleman asks how are we balancing the Budget and answers by saying we are borrowing from the bank and still further tying up and freezing credit. I realize this, but why are we not selling long-term bonds now? Why are we continually going behind and still selling these short-term bonds and still further freezing credit? The gentleman knows, as well as any other man, the very grave danger that we may shortly be in when the banks will not be able to absorb all this credit.

Large corporations with big deposits may soon need this money for the normal channels of trade and commerce. Temporarily, it is about the only safe place for investment. But what of the success of a sale of long-term bonds? At what rate?

Mr. STEVENSON. Since the gentleman has asked me the question, I will say that I think the present administration which let the country get some \$4,000,000,000 in the hole will have difficulty in selling them except at a high rate of interest, but I think probably after the 4th of March we may so change the picture that we may be able to refund the big debt which you and you party have put upon us.

Mr. GIFFORD. That is the sort of an answer we get from the gentleman from South Carolina—the political as-

pect was injected by the gentleman from Maryland [Mr. GOLDSBOROUGH] in his recent speech. Oh, why can we not read a speech by some of these gentlemen, who profess to know all about this difficult subject, which will be devoid of prejudice through the fact that they are of another political party? Show that your inflationary proposition is really sound. Let us hear speeches which do not seem so prejudiced that we can not trust the reasoning therein. In these very serious times we must follow the opinion of those who can think clearly on the proposition of currency expansion.

Mr. BALDRIGE. Will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. BALDRIGE. The gentleman spoke about agricultural credit corporations, and I would like to inform the gentleman that the Agricultural Credit Corporation in the Middle West and in my district has saved hundreds and hundreds of farmers, men who had farms with no stock on them, but through this agency they have been able to stock their farms, which gives them a new lease on life, because the price of cattle is fair to-day. This has been the greatest thing possible for the people of the Middle West.

Mr. GIFFORD. I am glad to have that statement, because they say to us so often that we do nothing for the farmers. We have no agricultural credit corporations in New England, and of the \$64,000,000 loaned last year my section of New England borrowed only about \$10,000. I am glad to have that testimony, but I repeat that the local bank urges your farmers who owe them to borrow money of this Federal agency to pay off their debts. I can refer you to authorities already recited in the RECORD.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield the gentleman one minute.

Mr. GOLDSBOROUGH rose.

Mr. GIFFORD. I referred to the gentleman from Maryland and I now yield to him.

Mr. GOLDSBOROUGH. I was under the impression the gentleman stated a minute or two ago that my speech of last Wednesday indicated I was in favor of branch banking and the concentration of wealth.

Mr. GIFFORD. Oh, no, indeed. I said nothing of the kind.

Mr. GOLDSBOROUGH. Then I misunderstood the gentleman.

Mr. KELLER. Will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. KELLER. I am very much interested in what the gentleman has said. What is the gentleman going to do about it?

Mr. GIFFORD. I am going to be extremely careful in trying to understand the situation and extremely careful about indorsing these inflationary proposals.

You may say that I know nothing about these matters, but I find that there are other Members of the House who appear to be as uncertain on the subject as I am. I have been taught to believe in sound money and must be convinced as to the merit of these proposals before I can indorse them.

In speaking about the home-loan banks, while I have had to express disappointment I must at the same time commend the care which has been exercised in the original set-up of the institutions. I believe that with respect to the 10 lending agencies which we have established, we should stop carping at them merely because they are largely conducted by members of the Republican Party.

Mr. KELLER. I am not interested in that.

Mr. GIFFORD. We should strive to retain the confidence of our people in these lending agencies rather than urge so many highly inflationary schemes which tend to frighten and hence retard our return to normal conditions.

[Here the gavel fell.]

Mr. STEVENSON. Mr. Chairman, I yield 20 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Chairman, the money plank of the Democratic platform of 1932 is in these words:

We advocate a sound currency, to be preserved at all hazards.

It is said that it is the strongest declaration in behalf of the integrity of our money system ever made by a political party.

It is obvious that the supreme factor in the restoration of normal business conditions lies in the strengthening of confidence. This confidence is not the kind expressed in blind hope or unfounded optimism. It is the kind of confidence that moves a clear-headed citizen to believe that he will be able to conduct his enterprise successfully and with a profit.

Upon a previous occasion I pointed out sound measures which I felt that Congress might adopt, which would tend to produce that kind of confidence. I will not repeat now what I said then.

There is, of course, no magic wand which may be passed over our dormant economic situation to quicken it at once into full activity. Confidence is both a cause and an effect, and necessarily is of slow growth. There can be no full confidence until, through passage of time, the slow processes of construction, thrift, and industry have had a chance in which to operate. Nevertheless, progress can be made, and there is no reason why we should delay doing those helpful things which the Congress ought to do, and which we can do.

As I have said, there are legitimate measures which Congress may adopt for the rebuilding of confidence. There are also measures which Congress may take which would further impair confidence and delay or defeat recovery and neutralize any other beneficial action we might take. Among these measures which might work for evil I know of none which has such dangerous possibilities as the debasement of our money.

EFFECTS OF INFLATION

It is beyond human foresight and wisdom to foretell with any certainty the results of inflation. It is as impossible as to foretell the result of the explosion of a bomb. No man can tell where the pieces may fly. And no man can foretell what particular harm will be done nor, indeed, that any harm will necessarily follow from an inflationary measure. All depends upon conditions.

I have in mind the inflationary measures adopted at the last session, as carried in the Steagall-Glass Act and the Borah amendment to the Home Loan Bank Act. Apparently those measures had no effect, either for good or evil. It is certain that they did not help price levels, as was promised by the inflationists, and that they have not had the tendency to restore business, as they had predicted.

A given amount of fiat money put into circulation at a certain time might not have the slightest effect on prices. The same amount issued at another time might result in a vast inflation of prices. All this relates to the fact that the purchasing power of fiat money, or other money which is supported in whole or in part by the credit of the Government, depends upon faith or confidence. To the extent that the people believe in the financial integrity of the Government, and that the money will be acceptable to others at face value—to that extent it will not increase prices. In the degree that the people lack faith will such money be depreciated in purchasing power, with a corresponding lifting of prices, until finally, if all faith should be gone, the fiat money becomes a worthless piece of paper.

Under given conditions billions based wholly on Government credit might be issued, yet circulate at par without any effect upon prices—then might come a loss of faith and, without the issuance of an additional dollar, the value of that previously issued be extinguished altogether.

"CONTROLLED INFLATION" IMPOSSIBLE

For this reason there can be no such thing as "controlled inflation," if by that phrase is meant the cautious pumping of paper into circulation, all the while watching the effect on prices, and with the intent to suspend the process when prices are raised to a certain level. Operation of the process merely to the effect of slightly stirring prices, though stopped there, might have subsequent effect to seriously impair the value of the money previously issued. There can be no such thing as "controlled" inflation any more than a "controlled" explosion of dynamite.

In forecasting the consequences of inflationary measures we are put to speculation and must rely on probabilities. No prediction of results can be removed from the field of probability. What, then, may we reasonably expect from the issuance of, say, some billions of money based wholly upon the credit of the Government?

First, there is the difficulty of stopping the operation. Though in good faith the intent may be to limit the issue, there is great difficulty, once prices begin to be influenced by the ebbing of confidence, in suspending it. As the value of the money falls, more and more of it is needed to carry on our daily economic life, for, manifestly, \$2, with the purchasing power of only \$1, will do the work of only \$1, so that as the money falls a real lack of money appears. Also, the ease with which obligations may be paid in depreciated money is a constant temptation and an increasing influence to continue in a policy which has been entered upon. There are additional reasons which I will not attempt to state.

Second, once it is recognized that two kinds of money are in circulation—one kind based upon a medium of intrinsic value and good at par in all the markets of the world, and the other based upon faith and good only so long as the Government's credit is sustained—the one good if hoarded away but the other of possibly falling value—there will be an increasing pressure to obtain the first and to convert the latter kind of money. The fiat money will inevitably drive all gold and its equivalents from circulation or to an increasing premium, so that we must rely more and more upon the use of the fiat money, with an increasing lack of faith.

PRICES INCREASE ONLY AS FAITH DIMINISHES

Third, with the diminishing of faith, but only as faith passes, there will be an increase in prices. This increase in prices will occur only when faith has weakened. In the latter stages this increase will represent merely the effort of holders of the depreciating money to buy commodities or to make other investments having a permanent value, before its purchasing power has further diminished or is totally lost. This movement proceeds with increasing velocity until a total loss of value is reached unless in the meantime some measure of restoration or stabilization is adopted.

In the meantime business activities are greatly hampered, if not made impossible. No man with money will make a loan when it appears that he will be repaid in money of less value. No business man will embark on an enterprise when he can not reasonably foresee what standard of value he must operate under. There will be no credit; debts will be progressively wiped out; the chief activity will be in the effort to invest in things which will have a real value when the fictitious value attached to the money shall be gone.

As I have said, these are mere probabilities. They are not even predictions. It can not be said with certainty that either or any of these results will follow, but it must be admitted that any or all of them are possible. This is mere history. The vice of inflation, adulteration, and coin clipping has been often resorted to—always in some degree and to some extent with tendencies toward results such as I have outlined.

MONEY GOVERNED BY LAW OF SUPPLY AND DEMAND

An effort has been made for inflation through open-market purchases of bonds, an effort which has brought into circulation a net of nearly one billion additional money since 1929. But try as they might, those charged with the duty of carrying on these operations have been unable to keep their money in circulation. They have bought the bonds. There was no "demand" for the money. It returned to the source from which it came and was canceled. So that since last July the demand of business for money being so weak there has been a reduction in circulation of above \$50,000,000.

Money is governed by the law of supply and demand. I hear men say that there is a great scarcity of money and that there is a demand for money. A shocking error—the demand for money has never in the history of this country been so little as it is to-day. Interest rates, the wages of

money have never been so low. There has never been so little opportunity for men with money to use it to advantage as now. There has never been so little opportunity for men in business to use money in their business as there is now. There is no scarcity of money. The scarcity lies elsewhere. It lies in lack of opportunity for profitable and safe investments.

There has been no deflation of circulation—to the contrary there has been an increase in circulation of \$1,000,000,000 since the peak of 1929. I hold in my hand the last report of the Secretary of the Treasury. It shows that the money in circulation in 1929, when business was booming, was \$4,746,297,000, or \$39 per capita, and that money in circulation on July 1, 1932, was \$5,695,171,000, a per capita circulation of \$45.63.

And here may I observe that this subject is attended with more fallacies, with more erroneous assumptions of fact and more misinformation than any other public question whatsoever. It is attended with more misrepresentation, more intolerance, more appeals to class and other prejudices, and more unwillingness to listen to reason and fact—this has characterized the inflationists since the beginning of the demand for fiat money in the seventies.

THE CRY OF "DISHONEST DOLLAR"

The inflationists point to the fall of commodity prices and blame it upon lack of money; they call our dollar a "dishonest dollar." When, may I ask, did this culprit dollar turn criminal? Was it in 1920, when prices had been expanded to an index of 154, when men who had loaned 100-cent dollars in 1913 were forced to accept payment in dollars with a purchasing value of only 64 cents? I heard no cry of "outrage" from these gentlemen then.

I know a man who bought a 20-payment life insurance policy in 1892. He paid it off. In purchasing value that policy was worth in 1920 less than one-half of what he had paid for it; and to-day it is worth only about 80 per cent of what he paid for it. When did this dollar turn crooked? "In 1929," they say.

It is an amazing dollar that it should be so discriminating and unequal in its "dishonesty." The price of cotton is on an index of 23 compared to 100 as the average for 1923 to 1925, so that the dollar is 77 per cent dishonest in buying cotton. With wheat on an index of 33 the dollar is 67 per cent dishonest. With agricultural prices generally at 41 it is 59 per cent dishonest; it is only 39 per cent dishonest on nonagricultural products with index at 61, only about 20 per cent crooked on clothing, 30 per cent on iron and steel, and when you reach the item of steel rails it is only 7 per cent dishonest. So this vicious dollar adds to its other crimes the crime of discrimination among its victims.

Is it needed for me to say to any sensible man that the mere recital of these figures demonstrates beyond any doubt that the trouble is not with the dollar but with the prices? The trouble is not with the yardstick, it is with the cloth. Yet the inflationists, blind to the realities, would cut off the yardstick to make it conform to the shrunken cloth instead of taking the course which intelligence would dictate, of trying to deal with the cloth so as to restore it, until what was formerly a yard would again become a yard. The course of intelligence now is not to debase our money, which is merely a measure of value, but to do something to restore prices. And there are legitimate measures which may be taken to restore prices and place them on a basis of fair equality, but none of these have they yet been able to see or, if able to see, have they chosen to advocate.

LEGISLATION FOR THE DEBTOR CLASS

The inflationists say frankly that they want to do something for the debtors of the country, and they point to the fact that the average price for farm produce which used to sell for a dollar is now only 40 cents; that debts were incurred with prices upon the former level which it is unfair to require to be paid with prices upon the lower level. They see in that a reason why we should water down the dollar, with the view to raising the price of commodities.

In logic, any effort to depreciate the purchasing power of money would operate equally upon all commodities. If by

inflation the value of the dollar is reduced to 50 cents so as to lift the price of cotton 100 per cent so that it will reach an index of 46, in logic it will lift the price of wheat to 66, agricultural products generally to 82, nonagricultural products to 122, and steel rails to 186. This will leave the farmer in exactly the same position and suffering from the same inequality of prices as he now is.

But bear in mind that the farmer who is not in debt is suffering now not so much from price deflation as from the inequality of the deflation. And bear this also in mind: This inequality of price levels is due to the unsheltered position of the farmer and other producers of raw material, whereas the industrial and other interests have been able to shelter themselves behind protective tariffs, monopolies, oppressive trade practices, and all that other collection of means whereby they are able to evade the laws of supply and demand.

They have had the strength of position to protect themselves behind those bulwarks. If you inflate our money to a point as would double the farmer's price, the likelihood is that because of the weakness of his position, he would be unable to realize the full advantage of the increase; it is rather unlikely that he would be able to cash in on the debased money and get the benefit that was coming to him. But as to those interests which are protected, having the strength of the position which has enabled them to resist deflation, it is certain they would be able to get their full measure in the increase in prices. It would be expected in that situation that the farmer would not be able to get up to his inflation index of 82, but that the price of the producer of steel rails, having a monopoly, would be lifted to the full limit of 186 contemplated by the program, and that other industrial prices would be lifted on a corresponding scale. The result would be that the farmer would be still further victimized and his relative position made worse.

The movement for inflation is frankly a debtor's proposal. The idea is to take governmental action which will make it easier for the debtor to pay his debts.

I protest that such a purpose is intolerable. I am unwilling to legislate for any particular group, be they either debtors or creditors. It is intolerable that we should deliberately juggle with our money system to benefit any selfish interests, and the debtors are just as selfish as the creditors. The part of statesmanship is to legislate for all the people and for the common good, and not in behalf of any group or class.

I have in mind the prudent, thrifty citizen whose interests, either as debtor or as creditor, are not paramount, and I want to protect him. He has his rights, and I would defend him in them. I am unwilling that he should be crushed and his future jeopardized and probably destroyed through class legislation on behalf of either of these interested groups of debtors or creditors.

WHO ARE THE DEBTORS—WHO THE CREDITORS?

I wonder if the champions of the debtor class realize just whom they represent. Do they know who are the debtors and who are the creditors? Perhaps an analysis of the figures would be of some help. The total public and private debts in the United States are, in round figures, \$200,000,000,000. Of this the Federal Government owes about \$20,000,000,000; States, counties, and cities, \$14,000,000,000; railroads, utilities, and other industrial groups, \$50,000,000,000; farm mortgages, \$9,000,000,000; city mortgages, \$27,000,000,000; banks, \$47,000,000,000. Insurance companies have \$110,000,000,000 in policies, representing a present cash liability of \$16,000,000,000. Of course, there is some duplication in these figures.

The biggest item of private debts are those of railroads and other industrial groups, with an aggregate, as stated, of \$50,000,000,000. Generally speaking, the higher we go in the financial world the greater is the burden of debt. If we should divide the population into two groups, one composed of the 10 per cent composing the capitalist class and the other of the 90 per cent constituting the masses of the people, it will be found that the latter include a relatively larger percentage of the creditor class.

I have in mind not only the millions of bank depositors and of holders of insurance policies and other credits, small as to each but aggregating a vast total, but also some 3,000,000 recipients of veterans' relief and insurance, industrial pensions, and similar payments, and another 3,000,000 or more of minor public employees, many of whom have already had drastic cuts in pay. I also have in mind that each wage earner with a job is in real effect and substance a creditor who receives upon each pay day an installment of his debt, and recognize that ingenuity could not devise a more wholesale raid upon wages than through an inflation which would reduce real wages, the purchasing power of the workers' money. It is quite true that most individuals are both debtors and creditors; in classifying them I have taken their chief interest into account.

It is rather strange to find some of the ardent advocates of cash payment of the soldiers' bonus also championing the cause of inflation. They are insisting upon payment of the bonus and upon reduction in its real value at the same time. Some of them are also active in opposition to reductions in veterans' pensions and in wages of Government employees—yet at one blow they would reduce the Government's ability to pay and the real value of the pensions and salaries paid.

"Friends of labor" are found insisting upon inflation and at the same time upon high wages. They would extend the shadow but withdraw the substance, hold nominal wages up yet cut real wages down by reducing the purchasing power of the worker's pay. At the same time, their action would not provide a single additional job, but in all probability, by paralyzing business activities through destruction of confidence, take away even the jobs which yet remain.

I note among the advocates of inflation some who have distinguished themselves as supporters of relief for the unemployed, the poor, and others in distress. The effect of their proposal for inflation would be to take away from these starving beneficiaries a part of even the little which they are now receiving.

INFLATION IMPAIRS STABILITY, THE ESSENCE OF CONFIDENCE

There is no lack of money in circulation. There is merely a lack of velocity in the movement of money. A dollar changing hands once a month is \$1, changing hands once a day it is \$30. This lack of velocity is due largely to lack of opportunity for safe and profitable investment. Fundamentally, the lack is of confidence of the kind which I have described. There is hoarding, but this also is due to lack of confidence and to lack of opportunity for the profitable use for money. The crying need is for more confidence, yet the inflationists would further impair the economic stability, which is the essence of confidence, and take away even that little which yet remains.

To sum up, the gold standard is not at fault; there is plenty of gold upon which to transact the world's business; the world's money gold stock was \$11,072,370,000 in 1929; it had increased in 1931 to \$11,940,606,000; as relates to gold, the trouble lies in the inequality in which it is held by the nations. We have plenty for all purposes.

The amount of money in circulation is ample. There is a serious shortage of credit. Credit has been deflated some \$25,000,000,000, of which \$12,000,000,000 is in bank credit alone—a deflation due to lack of confidence plus lack of demand. Potential borrowers have been unable to find safe investments; potential lenders can not find safe loans; creditors, losing faith in their debtors, have been pressing for collection.

Of course, restoration of confidence, however strong, is not alone sufficient for business recovery. It must be accompanied by "business opportunity." Our fundamental trouble is with distribution, now snarled with multiplied barriers to the free play of commerce and to the operation of the laws of supply and demand.

I close by saying this: You have read history. The adulteration of money once entered upon never knows where to stop. The adulteration of money is the first step toward revolution. You have read the story of the French Revolution. It is unnecessary for me to point out to you that its real cause was economic and that it arose out of the pro-

gressive debasement of money. It broke when the printing of paper money had progressed to the point that it had no purchasing value and the masses were starving. Beware! [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. SHREVE. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. MURPHY].

Mr. MURPHY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to insert some testimony which I gave before the Committee on Ways and Means when that committee was considering the tariff bill of 1930.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MURPHY. Mr. Chairman, we are making history fast. To-morrow a subcommittee of the Committee on Ways and Means will hold hearings to try to find some way to take care of business that is being ruined in America by reason of the depreciated currency used in more than 30 countries of the world, sending merchandise into the United States to compete with our merchandise, produced under the gold standard. I hope the membership will all take notice and attend that meeting, because it is intended to correct, if possible, a situation that it seems to me could be more easily taken care of if the Members of Congress could get together on a policy to take care of America first.

One of the great newspaper publishers of this land has undertaken to create sentiment in this country to help the people to help themselves. He has adopted a slogan of "Buy American." A few short weeks ago all the great business minds of the British Empire were assembled in the city of Ottawa, Canada. They were called there to discuss the question of the condition of the times in the Empire. While there they mingled their ideas, and their best brains clashed in trying to strike fire and find something that would be helpful to the people who lived under their flag. Out of that great conference came the little slogan "Buy British," and all throughout the great world to-day, where the British flag flies, great electric signs are flashing "Buy British."

Well, when folks do not stop long enough to think for themselves, then it is worth while to copy ideas from those who have taken the time to think. The British people did take the time to think, and out of the combining of their thoughts has come that slogan "Buy British." Now, our great American newspapers have taken up the slogan "Buy American." Already this propaganda is having its effect. One of the newspapers in my district published a story the other day of the annual sales meeting of the pottery and glass manufacturers in this country, held in Pittsburgh the first of this month. The article stated that the foreign buyers of the chain stores and the great importing houses were in attendance at Pittsburgh, and they said they were not going to go abroad to buy this year, and that they were ridding their shelves of foreign-made goods just as rapidly as they could, to the end that they would not get stuck because of the awakening of the American people to helping themselves by "buying American."

So, on Saturday next there is to be a hearing before the Tariff Commission. The purpose of that hearing is to try to find the very best ideas of the people of our country with reference to finding some way to stop imports into this country under world conditions as they are to-day.

Before the Ways and Means Committee in the last few years hearings on American valuation have been held. I think the current tariff law has a couple of paragraphs with reference to American valuation. I think there is a provision there which says that when the President exercises his right to add 50 per cent to the tariff now existing and that does not effect a cure of the trouble, then a way can be found to use American valuation. They are using the American valuation in the chemical industry in the United States to-day, and if we had the American valuation of all imports that come into this country, if we could take merchandise

made in Czechoslovakia and put it on the table here and put on the other side of the table the same grade of merchandise manufactured in the United States and then say to the importer: "This piece of merchandise manufactured in the United States costs so much to manufacture; that shall be the value of this piece of imported merchandise."

We would not need a high tariff if we had American valuation at the port of entry, because then we could reasonably figure out just what the costs would be. Deflated currency, or depreciated currency, would have no worries for us if we had American valuation. Yet to-morrow we are going to have hearings on depreciated currency.

We have just finished listening to one of the greatest addresses made in this House in years, by the gentleman from Alabama [Mr. HUBLESTON], on inflation. I am going to get copies of that speech and send one to every manufacturer and every banker in my district. It will give him something to think about. We might as well begin thinking now of America first. We had better buy American and we had better put American valuations on all imports that come into America. Then we can lower the tariff walls, because we will all have an equal chance at the American market, at the starting point. As it is now, a merchant buys a ship-load of merchandise from Czechoslovakia, and another one loads with ware from France, another loads with ware from England, and they all set sail to America. The conditions surrounding the production of each piece of merchandise they carry to this the greatest market on the globe are all different, but if they were valued here at the market to which they are sent according to the cost of production of similar articles here, plus a reasonable tariff, then our wheels would again turn and the music of the hum of industry would be the sweetest song the laborer could bring home to his family, and we would again prosper.

I hope everyone within the sound of my voice will give this subject some thought, and when they do I do not fear the verdict. I thank you. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. SHREVE. Mr. Chairman, I yield 15 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, on the 6th of this month the House passed what is now known as the Howard resolution. That resolution, as you know, makes it compulsory upon the Reconstruction Finance Corporation to make public all the loans which it has made from its inception. That resolution was reported by the Committee on Banking and Currency of the House—without my vote, let me say. I understand that the Speaker of this House told the chairman of that committee that if the resolution were not reported he would recognize the gentleman from Nebraska under the rule which makes such resolutions privileged.

Mr. STEVENSON. Now, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. STEVENSON. Was it discretionary? The rules of the House made it absolutely privileged on the day when it was called up, and the Speaker certainly would have violated the rules of the House had he refused recognition to the gentleman from Nebraska.

Mr. BEEDY. That is my understanding of it, and that is what I thought I said. If I did not make it clear, I am glad the gentleman from South Carolina has.

From the first I have felt, and I am now very firm in my conviction, that that resolution will be instrumental in undoing much of the very helpful work which has thus far been accomplished by the Reconstruction Finance Corporation. I am one, I think I may say, who has a great deal of tolerance for another's point of view. I have lived just long enough to find that many conclusions at which I have arrived are not right. Therefore, with an open mind at all times, I try to get the other fellow's point of view.

I have tried to understand the point of view of the gentleman from Nebraska who introduced this resolution, but I confess myself at an utter loss to do so.

I take this opportunity to say just this to the committee: The Reconstruction Finance Corporation is altogether bipartisan in its make-up. The president of the corporation told me to-day that if there were an irresponsible member on the board he did not know it; he told me that he is seriously disturbed by the passage of the Howard resolution.

Presently, within a few hours I understand, the Reconstruction Finance Corporation will comply with the mandate of this resolution. I do not know what may be the consequences. I sincerely trust that the destructive consequences which have already followed the publication of the first list by the Clerk of the House will not follow upon the publication of this list which will include all loans made from the beginning of the corporation's operations. I want to cite you one or two illustrations of what happened when the first list was published.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. COCHRAN of Missouri. I was going to ask the gentleman to enumerate those destructive consequences.

Mr. BEEDY. Yes; I will.

Mr. COCHRAN of Missouri. Let me say to the gentleman that the corporations out in my city, St. Louis, do not seem to wait for the report to be made to the House. They are announcing to the public the fact that they borrowed money. One insurance company borrowed \$6,000,000. There has been no destructive consequence as a result of that announcement.

Mr. BEEDY. I think if I had anything to do with the management of a bank, or an insurance company, or a railroad which had borrowed from the Reconstruction Finance Corporation I would rather make the announcement myself than to be left in the position of having the Government disclose the facts.

My attention was called recently to the case of a small bank which some time ago had occasion to go to the Reconstruction Finance Corporation for a loan.

The report had been spread that the bank was unsound. A serious run on the bank was in progress. The Reconstruction Finance Corporation lent that bank \$17,000. The gentleman from Alabama [Mr. BANKHEAD], whom I see before me and for whom I have as high respect as for any other Member in this House, may perhaps know about this bank. I am informed that the bank in question is in the gentleman's own State. The Reconstruction Corporation loaned the bank \$17,000. The bank immediately proceeded to assure depositors that they could meet any demands and the fear of immediate failure was destroyed. The bank proceeded in the course of its normal business. But, suddenly, the first list of Reconstruction Finance Corporation loans was published by the Clerk of this House and this little bank was listed as having borrowed \$17,000. Two days later a run was started upon the bank, which resulted in its failure with the attendant losses to hundreds of poor people in the community.

Now, what has happened to some of our insurance companies? As you know, insurance-company funds are invested in real-estate mortgages, but, more generally, I take it, in good bonds, the best that can be purchased in the market; but with this fall in prices that is upon us, the market value of all these securities has shrunk while demands for loans by policyholders have increased. Thus a heavy strain has been put upon many insurance companies. After this first list of borrowers, to which I have made reference, was published we find that some insurance companies took advantage of the situation presented. They have advertised that they are sound, that their policyholders need have no fear, that they have never had recourse to the Reconstruction Finance Corporation, and thus the strain and pressure upon other companies has been increased.

The whole purpose of the Reconstruction Finance Corporation, as you know, was not to make loans to individuals

in extremities, but by making loans to banks, to railroads, and to insurance companies, to preserve our national credit structure in order that a succession of bank failures might be arrested and losses occasioned to thousands and thousands of poor depositors might be stopped. Much good has been accomplished.

But we are living in an era of fear, suspicion, and apprehension. Fear is a great force with which we are unable to deal in this day of many troubles, and I suspect that the publication of this list of all borrowers from the Reconstruction Finance Corporation will only give added power to the fear which is even now upon us.

I do not know what the motive back of the sponsorship of the Howard resolution may have been. I do not doubt that when this corporation finally renders a full account of its dealings it will be found that some loans reflect errors in judgment. It would, indeed, be most remarkable if such were not the case. However, I doubt if this corporation, administered by outstanding men in both parties, will ever have been found to do anything that is irregular. If the sponsors of this resolution believed such to be the fact, the wrong could be reached very easily without the Howard resolution. If anyone connected with the management of the Reconstruction Finance Corporation has done anything criminal, we can make our investigation, secure the evidence, and punish the wrongdoer.

If anybody has done anything irregular and not amounting to a crime, we can and should impeach him. The men who are to-day sitting upon the board would welcome any investigation that this Congress may see fit to make. I know this to be a fact. If there is any irregularity that is suspected, they want us to look into it, so that they may be absolved even from innuendo and unjustifiable inference.

Mr. Chairman, there is nothing wrong with these loans. I have faith to believe that such is the fact. I regret that the passage of the Howard resolution should have been made a party issue and that the Reconstruction Finance Corporation, which both great parties in the Nation, which men sitting on both sides of this aisle joined hands to set up in an hour of national extremity, is now facing a situation pregnant with possibilities for the destruction of helpful results which it has worked.

Mr. RICH. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. RICH. I quite agree with the gentleman that it is going to create fear and is liable to do a lot of injury to the banks that have borrowed money from the Reconstruction Finance Corporation. Can the gentleman tell me any good that can come from the publication of this list of borrowers?

Mr. BEEDY. No; I have said that I am at a loss to see any possibilities for good, and I have tried honestly to understand what good public purpose might be served by the provisions of the Howard resolution. I trust I am not bigoted in my views. I wish some Member on either side of this aisle would tell me what good he thinks will come of it.

Mr. RAGON. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. RAGON. I am in thorough sympathy with what the gentleman is saying. I, however, disclaim, so far as I am concerned, any partisanship in the matter. I have talked the matter over with some Members here who seem to think that the passage of the resolution was in conformity with the institutions of a republican form of government and that the people have the right to know what is done with their money. In normal times this may be correct, but as I see it, the Reconstruction Finance Corporation, in its creation and in its functions, is evidence of abnormal times, and certainly you can not have any restoration to normalcy as long as you do things that stir up this fear that the gentleman has been talking about.

Mr. BEEDY. I think the gentleman is correct.

Mr. RAGON. I suggested to one of these gentlemen the other day—in fact, to the author of the resolution—that I thought if they would simply stop at making the facts avail-

able to Congress and the Members thereof they would certainly be going far enough.

Mr. BEEDY. That might serve the purpose.

Mr. RAGON. But I am against broadcasting the information as has been done. I am sorry I have had to disagree with some of my friends, but I think it is one of the most injurious things that has ever happened to this country in the present situation.

[Here the gavel fell.]

Mr. OLIVER of Alabama. I yield one minute more to the gentleman, and I wish to say that I share the views expressed by the gentleman from Arkansas [Mr. RAGON].

Mr. BEEDY. Knowing the caliber of the gentleman from Alabama, I would expect him to make the statement he has. The gentleman is one of the students of this House and one of the fairest men on the floor. This, I may say, is also true of the gentleman from Arkansas [Mr. RAGON].

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BEEDY. I yield to the gentleman.

Mr. COCHRAN of Missouri. The gentleman says that he has confidence in the Reconstruction Finance Corporation—

Mr. BEEDY. Yes; particularly in its personnel.

Mr. COCHRAN of Missouri. The gentleman knows that the Reconstruction Finance Corporation has not loaned a dollar except they have sound collateral back of the loan.

Mr. BEEDY. The law provides that no loan shall be made except on "adequate security." That is a flexible term. Men may well differ as to what constitutes adequate security but ultimately all the operations of this corporation will be reported to Congress. That is consistent with what the gentleman from Arkansas has referred to as the spirit of a republican form of government. When the present crisis has passed and normal days return the act which gave life to this corporation will compel a full report of its actions to this House and the country. Nothing will be withheld. That is as it should be. The Howard resolution serves no useful purpose. It may prove harmful. It operates in a poor field for political gesture.

Mr. COCHRAN of Missouri. Does not the gentleman think it would be better for the gentleman from Maine to come in here and tell the country that there is no reason for the people of this country to fear because the Reconstruction Finance Corporation has loaned any institution money than it is for him to come here and make the speech that he has, which might create fear?

Mr. BEEDY. Well, I had not finished my speech, but the gentleman has helped to finish it for me.

Mr. BARBOUR. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. BARBOUR. Is it not a fact that a committee of the Senate has investigated the Reconstruction Finance Corporation and has found nothing irregular?

Mr. BEEDY. That is a fact. I now reiterate my faith in the Reconstruction Finance Corporation and its personnel. I am saying what I have in the hope that a message will go out through the press that the people should have no fear when this list of borrowers is published. We are passing over the great depth of this depression courageously and with a fortitude which becomes a great nation. We shall soon begin to ascend the ladder of world recovery. I trust that the publication of the names of borrowers from the corporation which we created in an emergency to meet abnormal needs will be received with that reasoned calm and firm faith which should characterize every citizen who would serve rather than injure his country.

Mr. RICH. Will the gentleman yield?

Mr. BEEDY. Yes.

Mr. RICH. Would not it be just as sensible for this Congress to request that the national banks make their loans to individuals a matter of public record as it is to require the Reconstruction Finance Corporation to make public the loans that they grant?

Mr. BEEDY. That is a view which might be taken by many. Of course, national banks loan the money of their

stockholders, while the Reconstruction Finance Corporation is loaning public money.

Mr. WHITE. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. WHITE. Is the bank in any worse position borrowing from the Reconstruction Finance Corporation than it was two years ago borrowing from a great bank in New York, except that they are borrowing from an institution controlled by the Government?

Mr. BEEDY. Most of the institutions which have borrowed from the Reconstruction Finance Corporation are undoubtedly in much better shape to-day than they were a year or two ago, because many of the securities on which they borrowed from the Reconstruction Finance Corporation have appreciated in value. In many cases the securities on which they borrowed have appreciated to an extent that has made possible the full repayment of the loans.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Yes.

Mr. HOPE. These banks, of course, can rediscount paper with the Federal reserve banks and through the Intermediate Credit Corporation, and some of them are doing it. Is there any more reason why the Reconstruction Finance Corporation should publish its loans to these banks than that the intermediate credit banks or the Federal reserve bank should?

Mr. BEEDY. If we applied the principle of the Howard resolution to the banking operations of the Federal reserve system, we could not continue business in this country with any assurance of continued progress. Business in general and individuals as such have a right under any decent government to a reasonable degree of privacy in the conduct of their affairs.

Mr. RICH. I know of a bank in my district that has borrowed money from the Reconstruction Finance Corporation which they did not need. They did not need the money, except that they are glad to be fully prepared against even the possibility that there might be people who would want to take out their deposits. They do not need the money in their vaults.

Mr. OLIVER of Alabama. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

THE PUBLIC ENTITLED TO KNOW HOW PUBLIC FUNDS EXPENDED

Mr. PATMAN. Mr. Chairman, I can not agree with the gentleman who has just said that the expenditures made by the Reconstruction Finance Corporation should not be made public. I think all public expenditures should be made subject to public inspection. Secrecy is the badge of fraud, and not only should the expenditures made by the Reconstruction Finance Corporation be made public, but income-tax returns should be made public, as they are in many of the States of the Union to-day. Were that true, I suspect that the Budget would not be so much unbalanced as it is.

EXPANSION OF THE CURRENCY

I want to say a few words about expansion of the currency. I listened with interest to the remarks made by the gentleman from Alabama [Mr. HUDDLESTON]. He made a very interesting talk, but it was based upon conclusions that I do not concede are warranted. The first conclusion was that there is no demand for money in the United States to-day—that the demand is lower than it has been in many years. The second conclusion is that our trouble is not with money, but that it is with the price of certain commodities. It is my opinion that prices are fixed not by reason, necessarily, of the supply and demand of a particular commodity, but are determined as well by the supply and demand of the American dollar. I believe there is a strong demand for dollars at this time. Whenever you make dollars scarce, you make dollars high, and whenever you make dollars high you make everything else cheap, except debts, taxes, and certain fixed charges, including electricity, gas, water, telephone and telegraph, and railroad freight and passenger rates, and other commodities or services where the prices are fixed. Everything else goes down automatically in price as the purchasing power of the dollar goes up.

HOW PRICES CAN BE INCREASED

If you inflate credit, or money, you increase the price of certain commodities like wheat, cotton, hogs, and so forth. If credit is paralyzed and is not working, money can be put into circulation, which will increase the price of these certain commodities, where the prices are not fixed. It will not increase debts or taxes; it will not increase the interest charges or the railroad rates or the telephone and telegraph and electricity and gas and water rates or any of those fixed charges. None of them will be affected.

GOLD TRANSFERRED TO BANKERS

A few days ago England paid the United States \$95,000,000 in gold on a war-debt installment. Ordinarily that gold would be sent to this country, and if we carried out the policy that this Congress adopted many years ago we would use every dollar of it to issue \$2.50 in money by the Treasury of the United States, and use that money to pay Federal employees or for any other purpose. It would have a coverage of 40 per cent in gold. That was not done. Not a dollar of it will be used for expansion in this country; and only yesterday I heard the Secretary of the Treasury admit that they have already sold England \$25,000,000 of that gold back. They are not even going to bring it to this country, and \$25,000,000 more of it is earmarked and I venture to say will never be brought to this country. Every dollar of new gold, instead of using it to expand our currency as this Congress has endorsed many times, is transferred to the Federal reserve system, and the Federal reserve system uses it to issue credit which the people must pay interest on to the amount of \$33 to every \$1 in gold. You might just as well put more idle box cars on a railroad and expect more commodities to be transported over that railroad as to expect business to pick up if we put more idle dollars into the hands of people who do not use those dollars. For that reason the money issued under the Glass-Borah amendment and the Glass-Steagall bill will not reach the people. It will go to banks that already have plenty of money.

SECRETARY MILLS FIAT MONEY ADVOCATE

I heard the Secretary of the Treasury Monday morning before the Banking and Currency Committee advocate the issuance of fiat money. He is the same gentleman who went all over this country last summer and fall talking about fiat money and rubber dollars and using such terms as that against those of us who want to go back to the Constitution and back our money with gold and let the Treasury issue it, comes out now and advocates the issuance of fiat money. He wants the money issued on the credit of the Nation to a few favored banks. It is all right, if he can dictate who will get the money, it is not fiat, according to his version. He was advocating the passage of the Glass-Steagall bill, which is worse than a fiat-money scheme, a scheme that was denounced by the Democratic Party in 1900; one that permits money to be issued on a Government debt. He advocated bond-secured currency. Mr. Mills believes, evidently, that no money is fiat that the few powerful bankers will get, but all money that is proposed to be furnished to the people is fiat. That is his test.

GLASS-BORAH AMENDMENT

If this money is issued, as Mr. Mills would like for you to issue it, and as he advocated before the Banking and Currency Committee of the House Monday, January 23, 1933, it will go to certain large institutions. You can not escape that. Under the Glass-Borah amendment on the home loan bank bill, a few banks can deposit a billion dollars in Government bonds drawing 3½ per cent, and get \$1,000,000,000 in money, except 5 per cent, which remains as a reserve, and at the same time they use the money they get interest on the bonds. Under that bill the Chase National Bank of New York can get \$148,000,000 and the National City Bank of New York \$124,000,000, or a total of \$272,000,000. Under the Glass-Steagall bill, which Mr. Mills advocates, it is fiat money, if we use Mr. Mill's definition of the term "fiat money." These two New York banks will not be restricted to

\$272,000,000, but may obtain an unlimited amount of money by depositing Government bonds to secure it. It is a big racket.

MR. MILLS FOR INFLATION

Last year he said that kind of money was fiat money. He referred to it as rubber money. I believe he is in sympathy with a certain kind of inflation. Yes; the kind of inflation that inflates the purchasing power of the dollar. In 1929 the dollar would purchase probably about the right amount of certain commodities. Had it remained that way everything would have been well and good, but by changing our economic system and order, by the contraction of currency and credit, commodities went down while money went up in purchasing power. What we are hoping and trying to do is to just restore that money to its normal purchasing power.

FARMERS AND WAGE EARNERS PAY TWO TO FOUR DOLLARS FOR EVERY ONE BORROWED

People voted bonds on themselves to build schoolhouses and highways and make other public improvements when wheat was a dollar a bushel and cotton 20 cents a pound. Now it takes four times as much cotton or wheat to pay these debts as it would have when the debts were contracted. Wage earners, giving their notes for automobiles, homes, furniture, and for other things which they purchased in 1929, have had their wages reduced more than 50 per cent. Today, instead of paying \$1 on debts, they are paying the equivalent of \$2 for every one they contracted to pay, in the only thing they have on earth to pay with, their own labor. Instead of paying 10 per cent as most of the installment contracts provide for they are paying the equivalent of 20 per cent interest. Instead of paying the same rate for electricity, gas, water, telephone, railroad rates, and other fixed charges, they are paying the equivalent of twice as much. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, we have heard a great deal in this Congress about the economic plight the Government and the people of the United States are in. History always repeats itself and there is nothing new under the sun. In the House of Representatives 109 years ago in March these words were uttered by one of America's great statesmen, which are nearly identical with the present-day statesmen:

In casting our eyes around us, the most prominent circumstance which fixes our attention and challenges our deepest regret is the general distress which pervades the whole country. It is forced upon us by numerous facts of the most incontestable character. It is indicated by the diminished exports of native produce; by the depressed and reduced state of our foreign navigation; by our diminished commerce; by successive unthreshed crops of grain, perishing in our barns and barnyards for the want of a market; by the alarming diminution of the circulation medium; by the numerous bankruptcies, not limited to the trading classes but extending to all orders of society; by an universal complaint of the want of employment, and a consequent reduction of the wages of labor; by the ravenous pursuit after public situations, not for the sake of their honors and the performance of their public duties but as a means of private subsistence; by the reluctant resort to the perilous use of paper money; by the intervention of legislation in the delicate relation between debtor and creditor; and, above all, by the low and depressed state of the value of almost every description of the whole mass of the property of the Nation, which has, on an average, sunk not less than about 50 per cent within a few years. This distress pervades every part of the Union, every class of society; all feel it, though it may be felt at different places in different degrees.

It is like the atmosphere which surrounds us—all must inhale it and none can escape it. In some places it has burst upon our people without a single mitigating circumstance to temper its severity. In others, more fortunate, slight alleviations have been experienced in the expenditure of the public revenue and in other favoring causes. A few years ago the planting interest consoled itself with its happy exemption; but it has now reached this interest also, which experiences, though with less severity, the general suffering. It is most painful to me to attempt to sketch or to dwell on the gloom of this picture. But I have exaggerated nothing. Perfect fidelity to the original would have authorized me to have thrown on deeper and darker hues. And it is the duty of the statesman, no less than that of the physician, to survey with

a penetrating, steady, and undismayed eye the actual condition of the subject on which he would operate; to probe to the bottom the disease of the body politic if he would apply efficacious remedies.

Those were the words of Henry Clay on March 30, 1824, 109 years ago.

Then, again, in the thirties, 100 years ago, twice we had the same statements. The same speeches that are made here to-day were practically made then by those who could see nothing in the future, and yet America has withstood it; and America will withstand it because the hearts of the people are sound. [Applause.]

I yield back the remainder of my time, Mr. Chairman.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that I may insert as a part of my remarks two statements furnished me, at my request, by the Director of the Bureau of Prisons, with reference to articles published in certain newspapers as to preferential treatment accorded Al Capone at Atlanta prison. These statements which I will insert show the falsity of the published articles.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The matter referred to is as follows:

DEPARTMENT OF JUSTICE,
BUREAU OF PRISONS,
Washington, January 24, 1933.

HON. WILLIAM B. OLIVER,

House of Representatives, Washington, D. C.

DEAR MR. CONGRESSMAN: Lee E. Molnar, the author of the articles appearing in a chain of newspapers with reference to preferential treatment to Alphonse Capone, was released from the Atlanta Penitentiary on January 16, 1933, having completed a term of three years for impersonating a Government officer. Molnar's record is as follows:

As Leopold Wood, Jr., No. 17074, received at Ohio State Reformatory, Mansfield, Ohio, September 19, 1924, from Cuyahoga County, Ohio, to serve indeterminate sentence on charge of robbery. Paroled November 13, 1926.

As Lee Woods, arrested in Akron, Ohio, January 18, 1927, charge B. and L. Held to grand jury under \$2,500 bond. Indicted February 11, 1927. Indictment nolle September 11, 1927.

As Joe Molnar, arrested in Akron, Ohio, July 9, 1929. Charge: Investigation. Released.

As L. E. Molnar, received United States penitentiary, Atlanta, Ga., October 30, 1930, from Philadelphia, Pa. Crime, impersonating United States officer; sentence, three years.

This discharged prisoner came to the office of the Bureau of Prisons on Saturday, January 21, 1933, making demands for certain money allowances which had not been granted to him at the penitentiary. He intimated that he had something to tell and that he would go to the newspapers and disclose these facts unless certain things were done for him. Of course, any such offer was refused; and two days later the article appeared.

The warden at the Atlanta Penitentiary has categorically and specifically denied all of the statements made as to extra privileges being given to Capone. On orders from the Department of Justice he has been treated as has every other prisoner, and any statements to the effect that he has had special clothing, special privileges, or special treatment are said by the warden to be false in their entirety.

Yours very truly,

SANFORD BATES, Director.

DEPARTMENT OF JUSTICE,
UNITED STATES PENITENTIARY, OFFICE OF THE WARDEN,
Atlanta, Ga., January 24, 1933

DIRECTOR BUREAU OF PRISONS,

Department of Justice, Washington, D. C.

DEAR SIR: I wish to call attention to charges made by ex-convict No. 35503, who claims to have been released from this institution January 28, 1932, that Al Capone, register No. 40886, is receiving special privileges in this institution. Answering the charges made I beg to advise as follows:

First. Is he permitted to go out of the prison at night?

No. This statement is absolutely false. He has only been out of the prison twice since his incarceration here May 4, 1932, and then to the United States court in Atlanta.

Second. Does he keep up a voluminous business correspondence?

No. No more than the regular prisoners. He has asked for only one special letter since his arrival.

Third. Does he go to his job an hour or two late and then hang around?

No. He is absent from his work only on the doctor's orders when taking a course of treatment as outlined in report of the chief medical officer, Public Health Service, copy of which is inclosed.

Fourth. Does he have special hours on the tennis court?

He has 30 minutes per day, the same as the other men; that is, from 3.25 to 3.55. During this time he can select his own exer-

cise—pitching horseshoes, indoor baseball, tennis, or walking, as he chooses.

Fifth. Does he ever spend the nights in the hospital?

He has been committed to the hospital on orders of the doctor twice.

Sixth. Does he have extra visits without a guard?

Positively no. On account of reports that his friends would probably try to smuggle money and guns to him, we have not been permitting his interviews to be held with other prisoners, but each interview is held in the presence of an officer and where his movements could be watched and his conversations clearly heard.

Seventh. Does he sometimes eat alone?

He eats his meals along with the other men in the regular dining room.

Eighth. Is he permitted the use of all the money he wants to buy special articles from the commissary?

He can only spend \$10 per month in the commissary. His account shows that he has withdrawn \$97 since May 4, 1932. This covers \$10 per month with the exception of December, when \$5 extra is granted all prisoners, and he spent \$2 in returning his clothing and a package to his home.

Ninth. Did he have a special brand of cigars put in the commissary?

No. He has never made such a request.

Tenth. Does he wear silk underwear?

No. This has been verified by his foreman and the medical officer in the United States Public Health Service, the foreman stating that he has noticed his underwear from time to time and also noticed it this morning and that he had on the regulation underwear. The medical officer states that he has had occasion to strip him for examination, and he also states that he wears regulation underwear.

Eleventh. Does he wear special tailor-made suits?

No. This is verified by his foreman, the deputy warden, and the medical officer United States Public Health Service.

Twelfth. Does he wear \$25 shoes?

No. His foreman in the shoe shop says that he is wearing the regulation shoes manufactured in the penitentiary shoe shop at Leavenworth, Kans.

Capone, during his incarceration in this institution, has had no special favors not granted all other first-grade prisoners. It was made clear to me by the officials in Washington, at the time Capone was committed to this penitentiary, that he could have absolutely no favors or special privileges not granted other prisoners, and these instructions have been carried out.

Yours very truly,

A. C. ADERHOLD, Warden.

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, this morning we had a very powerful and, I take it, sincere criticism of the majority party on its action last night in voting to override the veto of the President of the United States on the first deficiency appropriation bill. The gentleman from Illinois [Mr. CHINDBLOM] fortified his position by reminding us that for the same reason President Wilson vetoed the Budget bill as originally passed, and as subsequently passed, by the way, because of its assuming to infringe upon the prerogatives of the Executive.

The bill provided for the appointment of the Comptroller General of the United States, and provided that he could not be removed except by resolution of Congress or by impeachment. President Wilson vetoed it on the ground that the power of appointment involved the power of removal, and that to deny the President the right to remove was an infringement of the prerogatives of the Executive. The two cases are largely parallel. The gentleman from Illinois [Mr. CHINDBLOM] was correct about that; but I want the House to understand that it depends on which party is up and which party is down how people act. Immediately that message came in, the motion to pass over the President's veto was made, and the Republican Members unanimously voted in favor of the motion, and amongst them was the gentleman from Illinois [Mr. CHINDBLOM]. So that the gentleman from Illinois voted at that time, on an occasion which he cites as a rebuke to the recreant Democrats, exactly as we did last night, to override the President's veto on account of the infringement of his prerogatives.

How much more did the gentleman do? The President suggested in that message that he would be glad to sign the bill if we would repass it and leave that out.

Did they do it? No; they said, "No." Mr. Good, the chairman of the committee, took it under his arm, marched out, and said: "We will have a President next year who will," and they passed it after Mr. Harding came in, with

that identical clause in it, and it is in it to-day, in which the Republican Party went on record as having deprived the Executive of the power to remove a man whom he had the power to appoint and was directed to appoint. They have administered that law from that time to this, yet they come in here complaining about our having undertaken to assume the right to have a committee of this Congress pass upon claims that this Congress could refuse to pay at all without the claim being established for our Committee on Claims.

The distinguished gentleman made another statement that was unguarded, and he is a splendid lawyer. He said this Congress could not delegate the scanning of things of that kind, even to a committee of its own. Why, the gentleman has not read the decisions of the Supreme Court of the United States on the power of Congress to delegate its power when it held that the Interstate Commerce Commission was merely a delegate of the Congress of the United States and that Congress had a right to create commissions and delegate legislative powers to them. The Supreme Court has held that every action of the Interstate Commerce Commission is an action of legislation when it fixes rates and does all of those things that Congress could do of itself.

Now, this is all I wanted to say. Our record stands. We adopt the language of Mr. Wilson and we ask the gentleman from Illinois [Mr. CHINDBLOM] why he fired up then and voted to establish a law with the very same infringement of the rights of the Executive that he now makes so much fuss about, our attempt to scan some of the scandalous refunds of taxes that have been made by the present agencies of the Government? [Applause.]

Mr. SHREVE. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, for the last few days Members have been receiving telegrams of protest against the resolution of the House requiring the Reconstruction Finance Corporation to make public the names of borrowers and commitments prior to the time when such publication was required by an act of Congress.

Yesterday I received a telegram from the State superintendent of banks of my State. Owing to my very high regard for that official, Mr. Broderick, I wired him to give his reasons, if he could, why a publication of the moneys borrowed by the banks could in any way injure a bank, when as a matter of law the banks are compelled to make stated reports of their financial condition, and loans must reflect in that report. I am quite sure that this State superintendent of banks of New York acted at the request and behest of the bankers of his State and was prompted by the best of motives. I want to submit, and I am going to put his letter in the RECORD, that the reasons given are surely not sufficient to justify the howl and the protest that has been made to us, and in all likelihood to him and other bank officials.

For instance, in reply to my query why it is that the public record and publication of a loan made from the Reconstruction Finance Corporation should be treated any different than a loan made by the same bank from any other source he states:

The public appears to regard such borrowings as a signal of distress—

Mr. Chairman, we might as well be frank about it. Hiding the facts will not help the condition of the banks. I continue quoting—

and assumes that they represent a last resort, available only when all accommodations in other directions have been exhausted.

Why, Mr. Chairman, that is true. That was the very reason for the enactment of the law which created the Reconstruction Finance Corporation and established it as the agency to supply funds as a last available resort. Let us be frank about it. The time has passed when we can hide existing conditions. That is the very purpose of the law. Then he says:

On the other hand, it has been our observation that the appearance of the borrowings of the financial institutions in their published statements does not create the same reaction. In the

first place published statements of conditions do not itemize the various sources whence funds are obtained.

Why, gentlemen, it makes no difference whence funds are obtained; the important matter is whether they are obtained. My purpose to-day is to point out to the depositors of the banks that the loans from the Reconstruction Finance Corporation are certainly to their benefit. In fact, as depositors they are better off because of the loan. Their bank has a liquidity which, under present conditions, it would not otherwise have. Perhaps the United States may be worse off. Perhaps loans are made on long-distance collateral, but that is not to the detriment of the depositors of any particular bank. That is something with which we will eventually be confronted. Now, it is wrong to create the impression and the fear that publication of a loan will be detrimental. The banks themselves are creating this fear. Why, Mr. Chairman, in many instances banks have advertised the fact that they are liquid because they have obtained loans from the Reconstruction Finance Corporation. It is well known, and if the banks have not informed their depositors they should do so, that loans can be obtained from the Reconstruction Finance Corporation only on collateral. Therefore, if a bank is in a position to obtain this loan on collateral as required by the law it indicates that it has the right kind of and sufficient collateral. There is nothing in the making of such a loan which should in any way cause this fear which has been created by the banks themselves, and if they have created the fear in the hearts of their depositors it is their own fault and not the fault of Congress in demanding that this public information be made public.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?
Mr. LA GUARDIA. I yield.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield the gentleman one more minute.

Mr. GIFFORD. The logical conclusion and the next step in the gentleman's argument would be that because it is the people's money in the local bank, the depositors therein should have actual knowledge of the persons to whom the money may be lent and that a general statement of the amount lent, perhaps, would not disturb them, and for creating confidence they ought to have the privilege of knowing the actual people involved so that they may pass upon the loan. Does the gentleman advocate that?

Mr. LA GUARDIA. The question shows absolutely that the gentleman has not given one moment of thought to his question. Of course, there is no analogy to that, but the bank itself must show in its statement, at certain intervals, as required either by State law or Federal law, its condition; and if it borrows money, it has got to show it.

Mr. GIFFORD. I may say to the gentleman that I visited a bank last year and I said, "Where did you get that money?" They said, "From the Reconstruction Finance Corporation; but we hope it will not be made public, because it would be damaging to the bank." A hidden transaction sometimes is well for a bank in order that it may soon recover.

Mr. LA GUARDIA. I can not agree with the gentleman about that. A mere and casual investigation of the history of banks will disclose that "hidden transactions" have invariably been the cause of bank failures.

[Here the gavel fell.]

NEW YORK, N. Y., January 23, 1933.

HON. FIORELLO H. LA GUARDIA,

House of Representatives, Washington, D. C.:

We have to-day wired Speaker JOHN N. GARNER as follows: "We are informed that Reconstruction Finance Corporation report to be rendered to House on Wednesday, containing list of all banks who took loans, or even arranged for them, from very beginning, will be published under Howard resolution. We consider such publicity extremely dangerous at this time."

J. A. BRODERICK,

Superintendent of Banks, State of New York.

JANUARY 24, 1933.

MR. J. A. BRODERICK,

State Superintendent of Banks, New York City:

Reference your wire re publication Reconstruction Finance Corporation loans, will you kindly write me just why publication of

these loans dangerous? Bank statements are matter of public record. Loans made by banks would naturally have to be reflected in their statements to State bank departments or Comptroller of the Currency. Inasmuch as I have urged publicity of Reconstruction Finance Corporation loans, would very much like to get your views in detail on this. I would very carefully consider your views owing to my high regard for you and confidence in your judgment.

F. H. LA GUARDIA,

Member of Congress.

STATE OF NEW YORK,

BANKING DEPARTMENT,

New York, January 24, 1933.

HON. FIORELLO H. LA GUARDIA,

House of Representatives, Washington, D. C.

MY DEAR MR. LA GUARDIA: Superintendent of Banks Joseph A. Broderick, who was out of town when your wire reached us, has authorized me to respond to your request for further comment on the subject of the publication of loans to financial institutions made by the Reconstruction Finance Corporation.

Several instances have been brought to our attention by bankers in which the publication of such information has resulted in newspaper publicity disturbing to the majority of readers. We are informed, in fact, that in some instances such borrowings have become the subject of headlines in local newspapers. This has created alarm among depositors, resulting in substantial withdrawals.

The public appears to regard such borrowings as a signal of distress, and assumes that they represent a last resort, available only when accommodation in other directions has been exhausted.

On the other hand, it has been our observation that the appearance of borrowings by financial institutions in their published statements does not create the same reaction. In the first place, published statements of condition do not itemize the various sources whence funds are obtained. Secondly, the published statement of condition presents in summary form many more facts with regard to the financial standing of an institution, both as to its assets and its liabilities.

Comparing the two methods of publishing institutional borrowings, I believe you will agree that publication of loans or applications for loans by the Reconstruction Finance Corporation has an element of danger not present in the publication of the usual statement of condition, in that in the case of the former the public is informed of only one feature of the condition of the institution, a feature which they interpret to be an unfavorable one.

Our observations of the effect produced by the past publication of Reconstruction Finance Corporation loans to banking institutions have led us to fear that the proposed publication of a list of all banks who took loans, or even arranged for them, from the very beginning is likely to lead to the very result which the Reconstruction Finance Corporation purposes to forestall. Moreover, we have been informed by bankers in touch with the situation throughout the Nation that the present mental attitude of depositors is disturbed by recent bank closings.

It is for these reasons that we consider that the publicity contemplated under the Howard resolution to-morrow would be extremely dangerous, coming at this time.

Faithfully yours,

AUGUST I. DEFELD, JR.,

Deputy Superintendent of Banks.

Mr. OLIVER of Alabama. Mr. Chairman, I yield four minutes to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. Mr. Chairman, I want to follow the remarks of the gentleman from New York [Mr. LA GUARDIA] and the gentleman from Maine [Mr. BEEDY]. I think they are both correct, in part, in what they have said, first, with reference to what the gentleman from Maine has said about the inadvisability of making these loans public, and then the remarks of the gentleman from New York with reference to there being no justification for the fear that apparently exists in the country about these loans.

The gentleman from New York is correct when he says that banks have to make statements, but I think it is generally understood that banks never refer to the source of the indebtedness, and it is generally carried under the general classification of loans; but I would call the gentleman's attention to the fact that whether it is justified or not there seems to be a psychological condition in this country that points the finger of suspicion at the financial condition of any bank that has to resort to loans from the Government. Sitting where you and I sit, acquainted with the operation of the Reconstruction Finance Corporation, we know there is no justification for this suspicion or for this fear, but those who are in the position of depositors or stockholders, who have not access to the information that the gentleman from New York and other Members of Congress and business men in general have, seem to have a lurking suspicion in

their minds that such a bank could not get money anywhere else and that out of the desperate condition of the bank they take advantage of this opportunity of securing a loan from the Government.

There is no occasion for the fear that exists with reference to the source of these loans. In the first place, we have seven directors of the Reconstruction Finance Corporation. The Congress, composed of both the Senate and the House, and the President, have seen fit to trust to these seven men the control of this corporation's business and the lending of this money. The law has circumscribed their actions so as to make it practically impossible for them to make loans that are unwise, and from the personnel of the directorate of this corporation, many of whom have nation-wide reputations as outstanding business men, we know they would act on these financial questions with the very greatest of prudence, and since they require collateral which may, it is true, be temporarily frozen, but may be just as good as any other collateral, save and except the possibility of its liquidity, it is just as good collateral as they could otherwise get.

So I think notice should go to the American people that notwithstanding the publication of these loans, it is not to the detriment of any bank or any insurance company or any corporation that may avail itself of the opportunity of borrowing from the Government. I am strongly opposed to the legislation making these loans public for several reasons, but we all know there is no necessity for the fear which may exist in some centers. The fact that a bank can qualify to obtain these loans should be sufficient to establish confidence on the part of the public as to its solvency and its unquestioned ability to carry on. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Chairman, I am definitely opposed to any curtailment of pay as proposed in President Hoover's message and will unequivocally oppose any such reduction as he recommends to Congress.

The present state of the Treasury makes it unfortunately incumbent upon us to continue for another year the so-called furlough system, which is now a part of our appropriation laws, but I shall not vote to make this reduction in pay any greater than it now is. I most particularly call to the attention of the House how dangerous it would be to impose an additional 11 per cent salary cut on our representatives abroad.

In my official work as chairman of the Immigration Committee, I had the opportunity during my sojourn in Europe at the time Congress was in recess to observe the details of the work performed by the consuls and their representatives abroad.

In this connection I visited a number of countries and become personally acquainted with a large number of our officials on the other side.

We have in our consulates abroad not only members of the Foreign Service of the United States but in a few places medical officers as well, who are detailed to perform their duties in accordance with the requirements of our immigration laws.

I was curious to see how the financial depression which has so largely affected life and living in the United States was reflected abroad. I concluded generally that, while food was very much lower in price than it is in the United States, nevertheless living conditions generally were at a much higher scale, and particularly it was quite difficult for our consuls and other officials of the Foreign Service to make both ends meet, in view of the fact that these men are obliged to live rather better than the average run of individuals on the other side of the ocean; they are obliged to maintain the dignity and prestige of our Government, and that by doing so they must incur liabilities which other citizens are not obliged to undergo.

I also made a little study of the compensation paid to our officer, and I find, for example, that in 1906 the salary of the consul general at the most important posts in Europe was about \$12,000 a year. This salary continued until 1924, when Congress passed a reorganization act which reorgan-

ized the Foreign Service of the United States, and, among other things, doing away with individual salaries fixed for individual posts, but designating our consuls and other foreign officers by rank instead of the post to which they were assigned.

Congress no longer designates the salary of a man in the Consular Service by the post to which he is assigned. A man's salary depends on the length of service and the rank which he bears in the Diplomatic and Consular Service of the United States.

It therefore in many cases resulted in a reduction of pay which our representatives suffered after the passage of the act of 1924. The salary of the consuls in principal places was then reduced from \$12,000 a year to \$8,000 a year, quite a sizable reduction when we consider the fact that the cost of living in 1906 was decidedly much lower than it was in 1924.

Anyone whose memory can go back eight years or so will know that this was the time of our almost greatest prosperity, and that salaries in the United States in 1924 in private business were at their highest level, and that everybody was earning much more money in 1924 than he did in 1906, and much more money than he does in this year of grace of 1933. So that we find ourselves with this situation: A consul in the highest post received \$12,000 a year in 1906, while his salary in 1924 is \$8,000 per year. Nineteen hundred and twenty-four, by the way, is the year in which we saw fit to increase our own salaries from \$7,500 a year to \$10,000 a year.

A few years later, Congress realizing that the compensation paid to our consuls or foreign officers of the highest class was inadequate, increased their salaries by \$1,000, giving them a maximum of \$9,000, and in view of the fact that it became necessary to hire quarters, pay rent, light, and heat in the consulate offices, Congress made an additional appropriation of not exceeding \$1,550 for that purpose, from which the consul had to pay for light, heat, and rent. If the cost of these services was in excess of \$1,550, the consul had to make it good out of his own pocket. If it was less than \$1,550, he was obliged to refund the money to the Government. As a matter of fact, I have reliable information to the effect that not a single consul was able to save one cent out of this allowance of \$1,550, and in larger places, like London, Paris, and Berlin, the cost of rent, light, and heat was in excess of \$1,550 per annum.

A year later, when complaints were made to Congress that this sum of \$1,550 was inadequate, we raised this sum to \$1,900; but in last year's budget, in view of the economy which we decided to practice in our national expenditures, we reduced it to \$1,140, so that at the present time there is no question but that this sum is absolutely inadequate to meet the running expenses of our consulates in the larger cities.

We find, therefore, this situation to deal with. As you know, the furlough act makes a cut of $8\frac{1}{3}$ per cent in the compensation of our Federal officers receiving a salary of \$1,000 or more, so that the salary of a consul of the highest class, instead of being \$9,000 a year, is reduced by \$750 and now actually amounts to \$8,250. From this \$8,250 the officer must pay an income tax to the Federal Government which amounts, roughly, to about \$500, and he must also make good any additional expenditures over the allowance of \$1,140 for rent, light, and heat. I estimate that, at best, the Foreign Service officer is at least \$250 short on his allowance for these items.

Now, if the President's plan of a further 11 per cent cut goes through, in addition to the existing $8\frac{1}{3}$ per cent, I have no doubt but that it is going to stint our splendid men in the Foreign Service to such an extent that many of them will be obliged to resign their places and come back to live in the United States.

I know of many instances where our Foreign Service officers are obliged to send large sums of money to the United States for the education of their children, whom they do not wish to grow up in a foreign atmosphere. Most consuls have their wives with them, but wish to see their children

educated in the United States. This makes quite an expense in the ordinary run of the consul's activities, and I do not believe our Government wants to see real distress among them.

Now, forgetting for a moment the men in the highest-salaried class of the Government, see how this proposed cut is going to affect men and women in the civil service of the United States.

The average salary received by the Government employee who has given years of his time to the Federal service is about \$2,000 a year. This proposed additional cut of 11 per cent is a sum of money which these poor workers could not possibly stand. It is true that the cost of living has decreased somewhat, but in most families the number of dependents has grown higher, and owing to the fact that business conditions in the United States leave a large gap in the employment of most of us, the burden of supporting those who are without employment to-day has fallen to a very large extent upon the shoulders of Government employees. Every employee of the Government, be it of the Federal Government, or of the State, or of the county, or of the city has had his share in taking care of his unemployed relatives, and while he is or has been more or less secure in his employment, he has this added burden to contend with, which makes living very precarious and which makes it utterly impossible for him to stand the strain of a further salary cut.

Now, at this point I desire to insert a few statistics showing the effect of these cuts in compensation to our Federal employees in civilian activities.

In January of 1932, I understand the Bureau of the Budget compiled data and statistics as to the Government pay roll and the number of Government employees, both civil and military.

From the figures in this compilation it appears there were at that time in civilian employment for the Government (Federal), 732,460 persons. Of this number only 124,678 were receiving compensation of less than \$1,000 per year, and were, therefore, exempted from the reduction of the economy act.

The balance of these persons, or about 607,762 persons, were paid a basic compensation to a total of \$1,012,661,614.98. The economy act reduced this total to \$928,273,147.07. The new proposal for an additional reduction of 11 per cent would reduce this total to \$816,880,369.42.

This means that this additional reduction of 11 per cent, superimposed on the reductions effected by the previous "economy act," would make a total reduction so that these 607,762 persons would receive an average yearly compensation of only \$1,344.22 per year.

I originally voted against the furlough bill, because I did not believe that by cutting the pay of Government servants we are advancing the cause of prosperity. On the contrary, I think that it is the duty of our Government to keep employment and salaries at as high a level as possible consistent with the state of our National Treasury, because all of these men and women receiving Government pay circulate money so received freely and help in our national prosperity.

By taking away and withdrawing from the market moneys ordinarily expended by these servants of our Government, we create a condition of affairs which can only retard our financial recovery.

I have spoken quite at length on the subject of our higher-paid employees, but the argument is so much more applicable to the plight of the lower-paid employee that I believe no words are necessary to draw an elaborate picture of the difficulties in which you are going to place the average Government worker if you persist in reducing his income.

True that the example which we are setting on this basis is a vicious one and will be followed by other subdivisions of government, as well as by private business. A system by which wages and salaries are cut is detrimental to the well-being of the Nation and harmful to the country in general.

I have recently received a copy of the January, 1933, issue of the Railroad Trainman, which is the official publication of the Brotherhood of Railroad Trainmen.

There is a very interesting article in that issue which is more or less pertinent to the subject I am discussing to-day, and I desire to read it to you at this point. It is as follows:

FEDERAL GOVERNMENT INCREASES NUMBER OF UNEMPLOYED

One thing on which there should be no disagreement is that the number of unemployed should not be increased. Certainly the people have a right to expect that the Federal Government will not increase unemployment.

During the last several years our Government has not been a model employer. In 1929 President Hoover asked industrial leaders not to reduce wages. But last year he forced Government employees to share their small wages, through the so-called furlough system, which had the effect of substantially reducing the yearly incomes of Government employees. In addition to this the Government employees were also deprived of their vacations with pay during the present fiscal year and their vacation period was permanently reduced.

It is understood that President Hoover now favors additional wage cuts for Government employees. It is well known that he believes that all workers, in and out of Government service, should be reduced to a common level of poverty through the so-called share-the-work plan, which seeks to make additional reductions in the yearly incomes of workers, even after three years of vicious wage cutting and unemployment.

Recently the press carried the information that the United States Labor Department will discharge 300 employees. Not only are these servants of the people to be thrown into the streets with the already far too numerous unemployed citizens, but the very system of Federal employment bureaus is being threatened. It is reported that 59 job-locating offices of the Department of Labor may be closed.

It is extremely unfortunate that our Federal Government would magnify grave conditions by pursuing the very policies which have destroyed effective mass purchasing power and imperiled our social and economic structures. If our Government is unable to bring about legislative reforms which will solve our ridiculous panic of plenty whereby millions of our citizens are hungry and in dire need in the presence of bounteous supplies of nearly everything, the least that may be expected of our Government leaders is that they attempt to set a worthy example for private industrial leaders and not resort to the short-sighted policy of wage cutting and lay-offs.

I think it worth while to repeat the last clause for emphasis:

The least that may be expected of our Government leaders is that they attempt to set a worthy example for private industrial leaders and not resort to the short-sighted policy of wage cutting and lay-offs.

Let me say that there has recently come to my attention a letter on the stationery of the National Federation of Federal Employees, which all of you probably received. There are a few statements in that letter which I believe it will be well to emphasize at this time. I read in this letter as follows:

The pay of employees of the Federal service has always been far behind when wage and salary levels in private industry rose. The Federal employee who received the inadequate temporary increases in 1918 and 1919 and such additional increases granted by the classification act of 1923 and the Welch Act of 1928 nevertheless found himself on the date the economy act went into effect with a material lag between the apparent amount of aggregate compensation received for the years 1913 to 1932, inclusive, and the purchasing power of such aggregate compensation as shown by the index of the United States Bureau of Labor Statistics.

It is a poor philosophy of economics that purposes lessening the purchasing power of wage earners to improve general conditions. To the contrary, for the Government of the United States to take such a further backward step can only accentuate the depression.

On June 20, 1932, I spoke on this floor against salary cutting of Federal employees. At that time I said, among other facts:

Mr. Speaker, I am opposed to any salary cut affecting the incomes of the thousands of loyal men and women who work for our Government in humble capacities and receive meager pay which we see fit to give them for their services. I have before me a chart prepared from official sources, which shows that out of the 732,460 men and women who receive pay or compensation from the Federal Government, 124,618, or approximately one-fifth of the entire total employed by our Government, receive less than \$1,000.

After all, these 124,618 persons receiving a salary of \$1,000 or less and the others composing the balance of 732,460 Govern-

ment employees affected by this proposed legislation are not producers but consumers of goods.

If we stop this source from which this great purchasing power of our Nation comes and if by our own action we prevent these thousands of employees from spending for the necessities of their lives, we will be thereby diminishing the recuperative powers of the Nation and prevent great industries from turning out goods to satisfy the wants and needs of these thousands. Every cent withdrawn from circulation in this manner will simply mean that by that we shall retard and not advance a resumption of normal business and national prosperity.

My office is being flooded with letters expressing strong opposition to any extension or in fact any continuation of the policy of salary cutting of the employees of the Federal Government; many of these letters reveal dire suffering that has already been caused by prevailing legislative and administrative cuts experienced in the past six months, so I trust this session of Congress will wake to the hardship and poor national economy involved in these practices.

[From the American Federation of Labor Weekly News Service, January 7, 1933]

GREEN URGES ROOSEVELT TO OPPOSE WAGE CUT FOR GOVERNMENT EMPLOYEES

AMERICAN FEDERATION OF LABOR'S PRESIDENT DECLARES IMPROVEMENT IN ECONOMIC CONDITION CAN NOT RESULT FROM SLASHING BUYING POWER OF THE MASSES—WAGE REDUCTIONS FUTILE AS ECONOMY MEASURE

WASHINGTON.—William Green, president of the American Federation of Labor, sent the following telegram to President-elect Franklin D. Roosevelt asking him in his conference at New York with Members of Congress to look with disfavor upon any and all suggestions providing for a reduction in the wages paid Government employees:

"In the consideration of any and all plans providing for economy in the administration of government I most respectfully request that you look with disfavor upon any and all suggestions providing for a reduction in the wages paid Government employees.

"Improvement in the distressing economic conditions which prevail throughout the Nation can not be brought about through further reduction in the buying power of the masses of the people.

"Reduction in the wage standards of Government employees is bound to result in further depression in the wage standards of those employed in private industry.

"I have repeatedly emphasized the futility of wage reductions for Government employees as an economy measure or as a means to be employed for the improvement of the economic and industrial situation throughout the Nation.

"I sincerely hope and trust you will resolutely stand against any lowering of living standards or any reduction in the wages of Government employees."

A few days ago I had occasion to present to this House at length the effect of our short-sighted policy of wage cutting and lay-offs as it had affected and is likely to affect the employees in our Bureau of Immigration unless we change our methods of trying to balance the Budget. I wish to expand a little upon what I said during that debate.

Under date of March 28, 1932, the Secretary of Labor in a letter addressed to Senator Wesley L. Jones stated some facts relative to prereductions of appropriations for the Bureau of Immigration which are now history, and I would like to read a part of that statement for current information.

Secretary Doak stated, on page 7557 of the CONGRESSIONAL RECORD for the proceedings of April 6, 1932, as follows:

Appropriation requested, \$10,855,485; reduced by Bureau of the Budget, \$198,455; reduced by House of Representatives, \$137,570; total reductions, \$336,025; amount allowed by House of Representatives, \$10,519,460; salary obligations, \$7,987,360; percentage salary obligation to total, 75.8.

Continuing further on, the Secretary says:

I wish to call your attention also to the fact that expenditures for this service are to some extent counterbalanced by receipts, which amounted to \$2,657,471 for the fiscal year ending June 30, 1931.

The effective guarding of our borders and the carrying on of the numerous other activities, especially a vigorous prosecution of the work of deporting undesirable aliens, can not be accomplished with a smaller personnel than at present, which is 75.8 per cent of the appropriation allowed by the House of Representatives.

An additional cut of 10 per cent in the appropriation would seriously affect the efficiency of the service.

Notwithstanding the statement of Secretary Doak at that time, the appropriation finally approved by the President

for the Bureau of Immigration amounted to \$9,450,000; or a further general reduction of \$1,069,460, or about 10% per cent below the amount allowed by the House of Representatives.

The current estimates of the deficit of the Bureau of Immigration indicate that if the present rate of activity shall be carried on until the end of the current fiscal year about \$1,192,026, of which there is \$606,726 chargeable as deficit on salary accounts for the present personnel of the Bureau of Immigration numbering in all 3,669 faithful men and women.

Just for comparison let us look further into the facts as stated in that letter by the Secretary of Labor last March. He said:

The reduction already made by the Bureau of the Budget and the House of Representatives * * * reduces the funds available for salaries in the amount of \$168,810.

By references, the Secretary further indicated that of the total appropriation, at that time before the Senate Committee on Appropriations for the Bureau of Immigration there was \$7,987,360 left for salary obligations. This was further reduced by pro rata of the total further reductions so that the total reductions made for salary obligations amounted to about \$980,860 less than the amount requested before the Bureau of the Budget started the reducing process.

So there is a definite relationship between the amount that was taken away from the estimates of the Department of Labor as to the needs during the current fiscal year and the amount now estimated to be a deficit in the available funds for salary obligations. I sincerely trust that before this Congress adjourns sine die we may find a way to provide the needed money to meet the full salary obligations for this fiscal year in the Bureau of Immigration and also for the current fiscal year for our Foreign Service officers and consular officials abroad so that these faithful servants of our Government shall not be subjected to deprivations and loss of official dignity in the performance of their important duties at home and abroad.

We provided another means of cutting salaries in the economy bill of the last session, I refer to the so-called administrative furloughs designed to enable the head of Government departments and independent establishments to operate within the reduced appropriations. Only the other day I referred to a current report made which indicated the effect of this extra pay-cut provision, at that time I said—

Mr. DICKSTEIN. That is correct.

And, in addition, I wish to call to the attention of the House some figures just last Sunday published in the press of this city.

The Civil Service Commission reported to the Senate Economy Committee the force with which the administrative furlough provision of the economy act is hitting the personnel of the Government services.

The employees of the State Department, the Treasury Department, the Post Office Department, the Government Printing Office, the Veterans' Administration, and 18 other Government establishments have not been subjected to loss of compensation resulting from an administrative furlough in addition to the legislative furlough.

The employees in the Commerce Department, the Agriculture Department, the Interior Department, the Justice Department, the Navy Department, the War Department, the Labor Department, the White House, and 12 other Government establishments have had to accept administrative furloughs without pay over and above the time covered by the legislative furlough.

In those departments and establishments where administrative furloughs without pay has been resorted to there are estimated to be 172,592 employees, and of these about 20,015 were given a payless furlough.

From the figures appearing last Sunday it appears that over 81 per cent of the total number of employees given this payless administrative furlough are being paid a salary of less than \$3,000 each per year and only 3,679 have salaries of upward from \$3,000. So that the bulk of the salary loss to individual employees is laid upon those who get a normal salary of downward from \$3,000.

The Department of Commerce, with its 14,796 employees, furloughed 9,139 of them; while the Interior Department, with 12,511 employees, only furloughed 79. The Navy Department, with a personnel of 50,106, has only furloughed 1 person, while the War Department furloughed 732 out of its 47,349 total personnel.

The tabulation further indicates that the principle of administrative furloughs, which was held out as the embodiment of the "spread work" idea, and could be applied to about 485-

141 employees in the executive civil service, is, as a matter of actual application, reaching only about 4 per cent of that number, and these 4 per cent stand a loss totaling over \$4,000,000 of their normal annual income.

Let us not go any farther than we have already gone along this line. The temptation to balance the Budget by decreasing the pay of Government workers is a great one.

Particularly in a Congress, which like the present has no responsibility to voters, the tendency to do mischief is more than prevalent.

We had an instance of it the other day when on the vote relating to prohibition repeal Members of this House who will not come back after March 4 recklessly cast their vote contrary to the platform pledges of both political parties and contrary to the wishes of the great majority of their constituents.

It is a time when all of us who still represent our constituents have the responsibility of doing the greatest good for the greatest number. Remember that the balance of the Budget, while an important task in itself, shall not be at the expense of those who are least able to carry the burden. If the Budget must be balanced, let us place a tax burden where it belongs and not penalize poor public servants by reducing their pay. [Applause.]

Mr. SHREVE. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, members of the committee, it is not inappropriate to pause for a brief period during the consideration of this bill to express a word of appreciation of one who recently lost his life in the service of his country.

On last Friday, January 20, the Associated Press dispatches announced the sudden death of Lieut. Irvin A. Woodring while engaged in the most dangerous flying of the Air Service in testing an experimental attack plane submitted to the Government for its use. While approaching Wright Field, near Dayton, Ohio, his plane was seen to explode in the air, rendering escape impossible. On last Monday, January 23, his remains were laid to rest with military honors in the National Cemetery at Arlington, a 5-plane formation with one blank file from Bolling Field participating at the service, Chaplain Ralph C. Deivert officiating. Acting as honorary pallbearers were Maj. Asa M. Duncan, Capt. Harlan W. Holden, Capt. William J. Flood, Capt. George C. McDonald, Capt. Edwin J. House, and Capt. Charles M. Cummings.

Lieutenant Woodring was born and raised on a farm near my home city of Enid, Okla. He attended the public schools and thereafter entered the service. I knew him as a modest, unassuming lad, ambitious, conscientious, and appreciative. He received his flying training at Brooks and Kelly Fields and was graduated in pursuit flying in September, 1924. Upon several different occasions early in his career I had the privilege of recommending him for consideration to the War Department, and each time he made such recommendations good. He proved his merit, he honored the traditions of his profession for bravery and gallantry. His signal service to his country is his best eulogy.

When Colonel Lindbergh made his tour following his successful New York-Paris flight in 1927, from the many courageous fliers in the Government service Lieutenant Woodring was selected as his escort.

In 1927 he won the Mitchell speed trophy race for Army pilots at Dayton, Ohio.

He climaxed his aviation exploits in October, 1930, when he carried the Japanese ratification of the London naval treaty from Vancouver, British Columbia, to Newark, N. J., in record time. On that occasion his escort pilot, Lieut. William Caldwell, was killed while flying through a Wyoming blizzard, but Lieutenant Woodring pushed onward, arriving safely after two forced landings. For this feat he received the distinguished-flying cross, an exceptionally laudatory citation.

In 1930 he became a member of the Caterpillar Club when he took to his parachute during a "dog fight" in the air in Sacramento, Calif., after his plane became disabled.

He was the last of the famous daring "Three Musketeers of the Air," so designated because of their skill and dauntless courage in aerial navigation, flying solo or as a unit. He was recognized as one of the outstanding fliers in the service. He was but 31 years of age at the time of his death on January 20, when he made his last flight. He undoubtedly has joined his comrade musketeers. His high courage, daring, skill, and outstanding achievement in his chosen career have won for him honor and fame. His exemplary life of self-development and achievement affords a worthy example to the boys of our land in the common walks of life—the assurance to them that the doors of opportunity are still open wide to those, however humble, who have the industry and courage to enter. His death is mourned by the entire Nation. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose, and the Speaker having resumed the chair, Mr. OLIVER of New York, chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill H. R. 14363, had directed him to report that it had come to no resolution thereon.

SPEAKER PRO TEMPORE FOR THE EVENING SESSION

The SPEAKER. The Chair designates the gentleman from Illinois [Mr. RAINEY] to preside at the evening session.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 8750. An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval a bill of the House of the following title:

H. R. 8750. An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma.

RECESS

Mr. OLIVER of Alabama. Mr. Speaker, pursuant to the order of the House, I move that the House take a recess until half-past 7 this evening.

The motion was agreed to; accordingly the House, under its previous order, took a recess until 7.30 o'clock p. m.

AFTER RECESS

At 7 o'clock and 30 minutes p. m., the House was called to order by Mr. RAINEY, as Speaker pro tempore.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed the following concurrent resolution, in which the concurrence of the House was requested:

Senate Concurrent Resolution No. 41

Resolved by the Senate (the House of Representatives concurring). That the secretary of the Senate be, and he is hereby authorized and directed, in the enrollment of the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, to insert on page 2, line 9, of the engrossed House amendment, after the figures "1933," the following: "or on livestock."

STATE, JUSTICE, THE JUDICIARY, COMMERCE, AND LABOR APPROPRIATION BILL, FISCAL YEAR 1934

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14363) making appropriations for the Departments of State, Justice, Commerce, and Labor, for the fiscal year 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14363, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

Mr. OLIVER of Alabama. Mr. Chairman, I yield seven minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Chairman, I ask unanimous consent to extend my remarks and to read in my time during the course of my present discussion an article from the pen of the late Senator Watson, of Georgia, entitled "Planting Corn."

The CHAIRMAN. Without objection, it will be so ordered. There was no objection.

Mr. LANKFORD of Georgia. Mr. Chairman, there are innumerable farm-relief proposals—a few good and many bad. There is not enough wheat and entirely too much chaff.

There is not enough of the eternal sparks of truth and justice, and too much noise and smoke. Too much legislation is labeled "farm relief" which could be more appropriately marked "deadly poison." The Federal farm loan act is a vicious and malicious outrage of this type. It was labeled "for the farmer," and is to-day doing more to rob the farmers of their homes than all other governmental and private agencies combined, and Congress—over the bitter protest of a few of us—is aiding and abetting this high-handed outrageous performance. Many of the Federal land banks lead the farmers to secure loans from them on the idea that they were specially favored agencies of the Government with a divine mission to serve the farmer, and yet their every move is actuated by motives as selfish and base as ever actuated a cutthroat or dominated a pirate of old. It is publicly charged, and not denied, that they are cruelly and relentlessly waging a warfare more terrible and devastating than Sherman's march to the sea, and still Congress at last session brushed aside those of us who dared object, and voted \$125,000,000 more for these selfish and criminal purposes, to be used in an even fiercer and more destructive warfare on innocent men, women, and children whose homes are mortgaged to the Federal land banks, or who own stock in them.

These banks are applying the same murderous tactics to the farmers and the bank's bondholders that the highwayman uses when he finds a man and his family alone and commits the double crime of robbery and wholesale murder. And the awful tragedy is that not only is Congress making no bona fide effort to stop this most awful crime of the age, but now it is becoming evident that millions and even billions of dollars more are to be squeezed out of the people and graciously delivered into the hands of these enemies of the home owners of our country, so they can build a more powerful death trap for the innocent and operate their mortgage-foreclosure guillotines with greater speed and in a more devastating manner. If Congress votes more billions of dollars to further carry on this national carnage, I beg that the legislation be not labeled "farm relief" but instead be branded "for the humiliation, robbery, and destruction of the last survivors of a once noble and independent group of our citizens known as the independent, individual, home-owning American farmers."

My convictions on this matter are well known to those familiar with my record here, so with these observations I wish to briefly state my views on what I feel is a real farm-relief program.

During this emergency I would pass some legislation with a real "kick" in it to bring immediate relief. If within my power, I would put into effect at once a program to refinance the debts of the farmers and other home owners so as to cut these debts in half or, to a greater extent, with interest entirely eliminated or reduced to a minimum. The farmers' debts now are being reduced to this extent, but others are getting their homes, and the Federal land banks and others are getting all the benefits of these reductions and the farmers are being driven into abject poverty and the most cruel slavery.

In order to put the farmers on a parity with the banks, I would monetize farm mortgages and if necessary farm products by providing for the issuance of tax-free currency on these properties of the farmers up to 80 per cent of their present market values. This would enable the Government to refinance the farm loans as I have just mentioned and insure the return of homes taken over by foreclosures and prevent future losses of this character. This currency would be as safe as that now issued, would at once put sufficient money into active and effective circulation, stop loan foreclosures, eliminate the unemployment menace, and make the farmer financially independent.

It would also provide an efficient method and means of enabling the farmers to finance their production of crops and their marketing problems. With the farmers' lands and produce monetized, the working of my contract system of controlling production, marketing, and prices would become perfection itself.

All these with exemptions of homes from all taxes and such other remedial legislation as should naturally follow, would constitute farm relief, pure and undefiled.

To my mind there is no reason for anyone urging that the monetization of farm lands and farm products is extreme or means the abandonment of the gold standard. The farmers' paper now is used as part of the monetary base of our currency. The only difference is that now the big banks get the benefits of issuing tax-free bank notes or currency and charge the farmer interest on the money issued on and secured by the farmers' securities. We now pay the banks a bounty to issue money, a privilege that should be exercised by the Government for the benefit of those—the farmers in this instance—who furnish the base or security for the issue. But it is urged that this would be fiat money and only backed by the Government's promise to pay. This is equally the case with much of the money issued to-day by the banks.

Congress now does the absurd thing of providing for the issuance of Government bonds which, when sold, can be placed back on deposit with the Government as the base for the issuance of currency by the banks.

The Government—the people, all of us pay the banks millions of dollars interest to issue interest-free money and hoard it to the destruction of the Nation. This money has nothing back of it except Government bonds—the promise of the Government. The money I am pleading for in behalf of the farmer would have exactly the same promise of the Government backed up by absolutely safe farm land and farm products as security. In fact, the farmers' currency, I am now pleading for, would be secured not only by the Government's promise to pay but also by gilt-edge liens on farm lands and farm products. Why not do for the farmers just what we are doing for the banks except that the relief I am seeking for the farmers would be much safer—better secured—and would not cost the taxpayers the interest on bonded indebtedness that is now being paid on the bonds used by the banks for the base of much of their issue of currency.

Since the Government is so fully committed to the use of Government bonds as the base for the issuance of currency, why not require the Government to issue billions of bonds if needed and sell them to the farmers for first liens or mortgages on farm lands, based on a reasonable valuation of the lands and improvements? Let these bonds which the farmers get be for 30 or 50 years at, say, 4 per cent interest, and also let the indebtedness secured by the farmers' mortgage be for the same term of years at the same rate of interest; both to be tax free.

This would be simply swapping farm mortgages for Government bonds with the maturity date and interest on both to be the same. The interest on the farmers' bonds would exactly pay the interest on the mortgages held by the Government on the farmers' lands; both would be tax free and come due at the same time. As the years rolled by, the interest on one would exactly pay the interest on the other. It would be simply a matter of bookkeeping in the Treasury Department. This is better than what happens now with the banks, for the banks now get real money to the song of

hundreds of millions of dollars per year out of the bonds left on deposit to secure the banks' issue of currency.

Now, since upon the deposit of bonds with the Treasury Department as a monetary base on which currency can be and now actually is issued, and since the farmers of the country would own billions of bonds under this plan, why not let them deposit their bonds just as the banks now do, and receive the equivalent in currency to be used by the farmers in settling in full their loans, which they, of course, would have to settle in order to furnish a first lien to the Government. The Government would have a first lien on the farmers' land to secure the payment for the farmers' bonds and would also hold the farmers' bonds to secure or furnish the base for the money issued for the farmer. The net result of this arrangement would be that the farmer would get issued and delivered to him enough money to pay off his present long-term loan at a tremendous discount, and would owe the Government the amount of the money received, secured by a first lien on the farmers' property, to become due in 50 years without the payment of either interest or any installment during this long term of years, and with the privilege of renewal for another 50 years at the end of the first 50. With loans now being settled for much less than the face value, this plan would enable the farmers of the country to settle their present loans for about one-half of their present value or even less and get the money for the settlement for 30 or 50 years without interest.

This sounds too good to be true, but it is not as great a privilege or benefit as the Government allows the banks at this very moment.

But they say this would get all the farmers' lands tied up for a long term of years. It would not get it tied any worse than it is at present. Then, again, as the farmers land became more valuable, it could be remortgaged and additional money issued from time to time.

With this plan carried into effect, there would not be the slightest need for the issuance of any script or tax money now advocated by some as an emergency measure. This would put an abundance of money into immediate use and the life-insurance companies, long-term loan companies, saving-deposit banks, and others now loaded down with frozen long-term farm paper would have plenty of money and a rejuvenated prosperity, permanent in its nature, would be evident on every hand.

I also favor the use of farm products as the base for currency when those farm products are held in large quantities, properly warehoused, by the farmers for the purpose of securing a proper marketing arrangement. This would enable the farmers to hold their products and feed into the market only so much as could be absorbed at a fair price. As the farm products were sold, the mortgage held by the Government against the products must be reduced; and, of course, the money received for the farm products when sold would be paid to the governmental agency; and in this way the money of the country would increase or diminish in accordance with the prosperity of the Nation from an agricultural standpoint, and a few international bankers or other big financiers could not corner the money of the Nation and leave the farmer and his folks to languish and die.

This arrangement, advocated by me, would give the very greatest liquidity to liens on farm lands and products and insure an elasticity to our currency, so much needed by our Nation.

Let us give this monetary system to the farmers and work out a contract system as advocated by me, to enable them to control their production and marketing so as to elevate and stabilize their prices, and then give them similarly fair legislation as to taxes and other problems, and we will have given them real farm-relief legislation as promised for hundreds and hundreds of years, and as yet never before granted.

Mr. Chairman, to my mind this would be farm relief pure and undefiled. This would put the farmers on a parity with the banks and other industries—nothing else in my humble judgment will at all approach such an equality.

No real argument can be made against giving the farmers the same benefits now accorded the bankers. Let us give

our farmers a square deal if we wish the return of real and lasting prosperity.

Mr. Chairman, in speaking of the farmers' problems my mind invariably goes back to the time when I was a boy on the old farm down in Clinch County, Ga., and often I remember again the splendid article from the pen of the late Senator Thomas E. Watson, of my State, descriptive of a farm picture familiar to many of us and telling of a great truth that should be universally recognized.

Senator Watson loved the country folks, and they loved him. There is no prettier or truer tribute to the farmer in literature than Senator Watson's *Planting Corn*. The picture is so true to life; I can see my father now in the "old bay fields" plowing and we children dropping corn. It is a true picture of millions of farmers and their children planting corn. Here it is:

The bluebird was out to-day—out of his blossiest plumage, his throat gurgling with song.

For the sunlight was warm and radiant in all the South, and the coming of spring had laid its benediction on every field and hedge and forest.

The smell of newly plowed ground mingled with the subtle incense of the yellow jasmine, and from every orchard a shower of the blossoms of peach and apple and pear was wafted into the yard and hung lovingly on the eaves and in the piazzas of the old homestead—the old and faded homestead.

Was there a cloud in all the sky? Not one, not one.

"Gee, mule! ! !"

"Dad blast your hide, why don't you gee-e-EE! ! !"

"Co-whack" goes the plowline on the back of the patient mule—the dignified upholder of mortgages, "time price" accounts, and the family credit, generally.

Down the furrow and up the furrow, down to the woods and up to the fence—there they go, the sturdy plowman and his much-enduring but indispensable mule.

For the poplar leaves are now as big as squirrel ears, and it's "time to plant corn."

On moves the plowman, steady as a clock, silent and reflective. Right after him comes the corn dropper, dropping corn.

The grains fairly chink as the bare feet of the corn dropper hurry past; and before the corn has well cuddled itself into the shoe heel of the plowman's track down comes the hoe of the coverer, and then the seeds pass into the portals of the great unknown—the unknown of burial and of life renewed.

Peeping from the thicket near at hand the royal redbird makes note of what is going on, nor is the thrasher blind to the progress of the corn dropper. And seated with calm but watchful dignity on the highest pine in the thicket is the melancholy crow, sharpening his appetite with all the anticipated pleasures of simple larceny.

The mocking bird circles and swoops from tree to tree, and in his matchless bursts of varied song no cadence is wanting, no melody missed.

The hum of the bees is in the air; white butterflies, like snowflakes, fall down the light and lazily float away.

The robin lingers about the china tree, and the blue jay, lifting his plumed frontlet, picks a quarrel with every feathered acquaintance, and noisily asserts his grievances.

The joree has dived deeper into the thicket; and the festive sapsucker, he of the scarlet crest, begins to come to the front, inquisitive as to the location of the bugs and worms.

On such a day, such a cloudless, radiant, flower-sweetened day, the horseman slackens the rein as he rides through lanes and quiet fields, and he dares to dream that the children of God once loved each other.

On such a day one may dream that the time might come when they would do so again.

Rein in and stop here on this high hill. Look north; look east where the sun rises; look south; look west where the sun sets—on all sides the steady mule, the steady plowman, and the children dropping corn.

Close the eye a moment and look at the picture fancy paints. Every field in Georgia is there, every field in the South is there. And in each the figures are the same—the steady mule and the steady man and the pattering feet of the children dropping corn.

In these furrows lies the food of the Republic; on these fields depend life and health and happiness.

Halt those children and see how the cheek of the world would blanch at the thought of famine.

Paralyze the plowman and see how national bankruptcy would shatter every city in the Union.

Dropping corn! A simple thing, you say.

And yet, as those white seeds rattle down to the sod and hide away for a season, it needs no peculiar strength of fancy to see a Jacob's ladder crowded with ascending blessings.

Scornfully the railroad king would glance at these small teams in each small field; yet check those corn droppers, and his cars would rot on the road, and rust would devour the engines in the roundhouse. The banker would ride through those fields thinking only of his hoarded millions, nor would he ever startle himself with the thought that his millions would melt away in mist were those tiny hands never more to be found dropping corn.

The bondholder, proud in all the security of the untaxed receiver of other people's taxes, would see in these fields merely the industry from which he gathers tribute; it would never dawn on his mind that, without the opening of those furrows and the hurrying army of children dropping corn, his bond would not be worth the paper it is written on.

Great is the might of this Republic; great in its schools, churches, courts, legislatures; great in its towns and cities; great in its commerce; great in its manufactures; great in its colossal wealth.

But sweep from under it all these worn and wasted fields, strike into idleness or death the plowman, his wife, and his child, and what becomes of the gorgeous structure whose foundation is his fields?

Halt the food growers and what becomes of your gold and its intrinsic value?

How much of your gold can you eat?

How many of your diamonds will answer the need of a loaf? But enough.

It is time to ride down the hill. The tinkle of the cowbell follows the sinking sun—both on the way home.

So, with many an unspoken thought, I ride homeward, thinking of those who plant the corn.

And hard, indeed, would be the heart that, knowing what these people do and bear and suffer, would not fashion this prayer to the favored of the Republic:

"O rulers, lawmakers, soldiers, judges, bankers, merchants, editors, lawyers, doctors, preachers, bondholders, be not so unmindful of the toll and misery of those who feed you!"

Mr. OLIVER of Alabama. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. SWANK] such time as he may desire.

Mr. SWANK. Mr. Chairman and members of the committee, this short session of Congress convened on the 5th day of December, 1932, and since that time appropriation bills have been passed amounting to the sum of \$1,485,455,833.57, and I sometimes wonder where the money is coming from to pay these expenses. It is true that nearly all money to pay the expenses of the Federal Government is derived from an income tax, and those with the taxable incomes pay most of the taxes. We must not overlook the fact, however, that incomes are greatly decreasing and many of the large incomes of former years have dwindled to nothing. The Treasury Department says that in the last year there has been a shrinkage of 23 per cent in the incomes of the people. In 1929, 513 men paid tax on an income of \$1,000,000. In 1930 the number decreased to 150 and in 1931, 75 men paid a tax on an income of \$1,000,000. We can not continue to appropriate billions of dollars each year without provisions for getting the money.

The best way to balance the Budget is to reduce expenses of Government and provide work for our people, instead of looking for additional methods to lay further taxes upon their bended backs. National, State, county, and local taxes must be reduced. Most of the taxes that burden our people are taxes other than Federal, such as State, county, and the taxes we vote upon ourselves. The people have not paid so much attention to this tax question until the depression arrived, but now the homes of our people are being sold for taxes, interest charges, and mortgages.

Mr. Chairman, the American home is the foundation of this Republic, and we should do everything possible to preserve the home and family life. With a happy and contented people we will have a firm and stable Government. This Government can not much longer survive with the great discontent on every hand, with people losing their homes, and with 12,000,000 men and women walking the streets and highways looking for work, and this number increasing daily. Home life can not be promoted with the continuance of high taxes. Even now, when our people are crying for tax relief to save their farms and homes, we hear the ominous sound of an attempt to levy a sales tax upon our people. Their homes have been taken for taxes, and now the great powers that have so much influence in our Government desire to levy a sales tax upon our people. If the money can be derived by a sales tax or any other tax, then expenses of Government will not be reduced. I favor a large reduction in expenses and am also opposed to a general sales tax.

In the early days of this session the House passed the eighteenth amendment repeal resolution and the beer bill, but a return to legalized liquor will not return prosperity.

Speaking of platforms, I wish to call the attention of my Democratic colleagues to the fact that the Democratic platform of 1932 advocates "the enactment of every constitutional measure that will aid farmers to receive for their basic farm commodities prices in excess of cost." That platform also advocates an immediate and drastic reduction of governmental expenditures to accomplish a saving of not less than 25 per cent in the cost of Federal Government. If such a reduction were made in Federal expenditures, no additional tax levy would be necessary.

In the last session of Congress I introduced H. R. 7797, which is the Farmers' Union plan for farm relief. This bill provides a plan whereby farmers would receive at least cost of production on that part of their crops consumed in this country. The Democratic platform goes farther than that and advocates prices in excess of cost of production. The House has passed the domestic allotment farm bill, which I believe will bring a measure of relief to a stricken agriculture, if enacted into law.

The Washington Post, the chief Republican and special-interest paper of this section, in its issue of January 14, 1933, contained an editorial entitled "Farm Parity." It says that no sound remedy for the farmers' ills is known, and criticizes the allotment bill that passed the House a few days ago. The same paper, January 19, 1933, criticizes any money-expansion plan and the sponsors as "quack economists and politicians." This paper does not criticize the huge tax refunds in the sum of \$65,000,000 for the year 1931. Statements have been put in the Record showing that many of those who have always received these big refunds have been liberal contributors to the Republican campaign. Well, thank goodness, this Washington Post will not have anything to do with the next administration, which will be administered for the whole people, but it has wielded a powerful influence since March 4, 1921.

In the last session of Congress a moratorium on foreign debts owing us was passed in the sum of \$252,000,000 and the \$2,000,000,000 Reconstruction Finance Corporation act was passed for the benefit of big business, thinking that perhaps a few pennies would trickle down to the average man, but not much of it has trickled. Congress should stop its policy of legislating for the big-business interests of this country and pass laws for all the people alike. There will be no return to prosperity until it returns to the farm, and the farmers can not continue to produce the necessities of life at less than cost.

Mr. Chairman, we are now standing upon the brink of disaster unless Congress acts for the people. Legislation can be enacted that will restore prosperity, provide a reasonable price to our farmers for their products, put people to work, rehabilitate business, and restore the purchasing power of our citizens. Some 100 Members of Congress of the different political parties have organized a "congressional forum," which has for its purpose the enactment of relief legislation. It is necessary that something be done at once and, for that reason, a bill was prepared by a special committee of this forum, of which I am proud to be a member, and this bill has been introduced. It authorizes and directs the Secretary of the Treasury to borrow money on the credit of the United States not exceeding \$3,000,000,000 upon 1 per cent bonds issued by the Treasury Department, and immediately transferred by the Secretary of the Treasury to the Federal reserve agents of the Federal reserve banks. This bill provides for the issuance of Federal reserve notes or paper money against these bonds and a 20 per cent gold reserve. I believe the bond provision should be stricken from the bill and the currency issued without any bonds.

The Federal reserve act of December 3, 1913, provides that every Federal reserve bank shall maintain reserves of gold of not less than 40 per cent against its Federal reserve notes in actual circulation. We now have gold coin and bullion in the sum of \$4,339,545,395. The circulation statement of the Treasury Department says that we have in circulation in all kinds of money the sum of \$5,647,000,000. While that money is outside of the Treasury Department and is therefore said to be in circulation we must remember that there is not

probably more than half that amount actually circulating. If this bill or a similar bill were enacted into law and money put in circulation, relief would at once be had. Under our present gold standard law requiring a 40 per cent gold reserve, which is a high reserve, \$11,000,000,000 in Federal reserve notes and currency could be issued, or an increase of nearly \$6,000,000,000 over the amount of money now in circulation, as given by the Treasury Department.

When a national bank desires to have currency issued to it to loan to its customers it deposits United States bonds with the Treasury Department, and this department has the Bureau of Engraving and Printing issue money to the bank in the denominations desired. The bank is required to make a deposit in money of 5 per cent of the amount issued. When the bonds are taken up by the bank this 5 per cent deposit is returned. The only other charges on the bank are one-half of 1 per cent per annum for printing the money, 70 cents to \$1.10 per \$1,000 for redemption, which covers postage and destruction of old currency, and \$5 per year for a Washington representative. The bank gets the interest on the bonds and then loans the money to its customers and collects interest charges. If the Treasury Department can issue money to the banks to loan to the people, it can also issue money upon as sound a basis as provided in this bill, and the money would be used to pay salaries, pensions, and other expenses of government, and thus be placed in circulation.

The report of the Comptroller of the Currency shows that the banks of this country have cash in their vaults in the sum of \$791,627,000 and deposits of \$45,390,269,000. From these figures it is seen that the amounts the banks have in their vaults is less than 2 per cent of their deposits, and yet we hear the objection of issuing currency against our gold reserve on our gold-standard basis of 40 per cent.

During the past 12 years 1,571 national banks, with deposits of \$1,143,857,000, failed in this country, and State and private banks to the number of 8,913 failed, with deposits of \$3,738,624,000. This makes a total of 10,484 bank failures in this time, with total deposits of \$4,882,481,000. Legislation must be enacted to put a stop to these failures and that can be done. If more currency is placed in circulation and business revived, we will have accomplished the greatest result in this direction. Most of these failures have been no fault of the local banks and bankers, but by reason of the currency contraction and deflation by the Federal Reserve Board, and by reason of loans which were good when made and are uncollectible now. The Federal Reserve Board can, under its authority now, put the needed money in circulation, under the gold standard act, and no further law is needed if the board would act for the best interests of the people. In my judgment, one of our greatest needs is a complete reorganization of the personnel of the Federal Reserve Board, and the appointment of men who are in complete sympathy with the masses of our citizens, and who will act for the best interests of our country. I hope and believe that when the incoming administration is inaugurated this needed change will be made. The personnel of the board should be changed or the Federal reserve act should be repealed.

In addition to this measure, I believe silver should be remonetized and used as a basis for issuing silver certificates or currency, the same as gold certificates are issued against gold in the Treasury Department. Several good silver bills have been introduced, and I trust that some of them will be enacted into law in the next Congress. What this country needs is more stable money in circulation, and I have never heard a single Member of Congress nor any economist deny that fact. The gold dollar is too high and farm commodities too low, by reason of the increased price of gold. A decrease in the exchange value of money always means a corresponding increase in commodity prices and vice versa. The question of the return to prosperity must be solved by a change in our monetary system, and the control of our money must be taken out of the hands of the international bankers who are trying to cancel the debts that foreign governments owe us, and the power "to coin money and regulate its

value" must be returned to Congress, as provided in the Constitution. Money provided to be issued by the direction of the Treasury Department, as provided in the bill mentioned, and the issuance of silver certificates against silver can not be called dishonest or fiat money. It would all be done under our present gold standard law and would put money in circulation.

The original standard English pound was a bar of silver, which represented a pound in value; and this was divided into 20 parts, called shillings; and the shilling was divided into 12 parts, called pence. During the reign of King Edward III he needed money to pay his debts, and he ordered the pound of silver to be divided into 22 parts, and by proclamation ordered that each of these pieces should be called a shilling and should be accepted as such in payment of the debts of the country and also of private debts. History says that this caused an increase in the prices of commodities. Bills have been introduced in this Congress to lessen the gold content of the dollar in a similar manner.

There would be no surplus of farm products if the people could find work and earn money to enable them to buy the necessities of life. The selfish money interests of the country will no doubt oppose bills of this nature, as they have done in the past, but in the last election the people of this country were enthroned, and I believe a different policy is going to be pursued. Everyone says that something should be done, but there is no action taken, and we can not expect any during the continuance of the present régime. On the 4th day of March, however, a new administration will be inaugurated to take over and administer the affairs of this Government. That administration was elected upon a platform of reform and progressivism. The people are expecting relief, and I believe that they will not be disappointed. The big money interests of the country, the financial wizards, and captains of industry have imposed upon the people long enough and they are not going to submit much longer, like galley slaves or peons. Almost daily we read in the papers where law-abiding farmers have assembled at court-houses and stopped foreclosures on homes, and this action just shows the determination of the people to have remedial legislation passed. I can not understand why those in charge of the affairs of government will not advocate something that will bring relief to all the people, instead of legislation for a few of the big boys who contribute so liberally to campaigns.

Mr. Chairman, our people have been patient and long suffering and we have about arrived now to the place where action must be taken. After the 4th of March the Democratic Party, of which I am proud to be a member, will be in charge, and I hope and believe a change will be had for the benefit of all the people of the country, big and little alike. The \$208,000,000,000 of debts in this country can not be paid with the present value of the gold dollar. Most of the mortgages upon homes of the people of this country were made when wheat was selling for \$1 or more per bushel and cotton at not less than 15 cents per pound; and now, if paid at all, they must be paid with wheat at 25 cents per bushel and cotton at 5 to 6 cents per pound. There must be a decrease in the value of the gold dollar and an increase in the price of farm products, or else a great reduction in mortgages, if they are ever paid.

Why talk, discourse, and argue, when such a crisis confronts us? It is time for action. Put sound money in circulation, restore business, put people to work, and we can meet expenses without any further tax bill; yes, we can eliminate from the present tax law many of the nuisance taxes, have money with which to run our schools and save the homes of our people. The people are waiting for the new administration. The time for argument will soon be over and the people are going to have action. We must not have revolution in our country, but the people must be protected. Special laws, like our present tariff laws, for a privileged few must not be continued, and the clutches of a few selfish money interests must be removed from the Treasury of the United States. I feel confident that the new administration, so overwhelmingly elected last November, will

bring about the needed change and that a reasonable prosperity will soon be with us again. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I am sorry, indeed, that the entire membership was not present this evening to listen to the eloquent address by the gentleman from Georgia [Mr. LANKFORD] on dropping corn. It made me think of my boyhood days when, as a barefoot lad, I performed that task myself, and thus I appreciate those good days. [Applause.]

Possibly there is no question now before the American people that has been discussed more than the paying of the adjusted-service certificates to the soldiers of the World War. This question should be solved and the soldiers of this country cared for as they should be.

Many of those who went to war had the business they were engaged in at that time broken up and have returned home to try to start again in life and under this time of distress and depression many of them are having to fight another hard battle. The soldiers of this country have been poorer paid than any nation of like ability. Besides that, the United States furnished the most of the money to carry on the World War.

Our boys were called under the selective draft, drafted and sent into the foreign land to fight under the command of the officers of this Government. It was not a matter of choice with them, but became a duty when called into service. They were without fear, not knowing what the consequences might be to them and their loved ones. More than 200,000 of our American boys fell in this great conflict and many thousand more were injured for life.

A bill was introduced last year and discussed at great length trying to solve the problem of how to pay the adjusted-service certificates with the result that nothing was accomplished. Again it has been considered and nothing done during this session of Congress. It would be a matter of impossibility now to raise enough funds to pay off these adjusted-service certificates.

I think that my bill H. R. 14362 will be highly satisfactory to every holder of an adjusted-service certificate and will be fair and just to both the soldier and the National Government. The protest made against the payment of the certificates now has been that the Government was not able to pay them. My bill takes care of that situation and properly cares for the soldier and does not place a burden on the Government that it can not well afford to bear.

Section 1 of my bill provides as follows:

That from and after the passage of this act the adjusted-service certificates issued to the veterans of the World War, under the act of 1924, due and payable in 1945, shall bear interest at the rate of 3½ per cent, payable annually by the Treasurer of the United States Government, out of any funds not otherwise appropriated.

The service certificates issued to them were payable in 1945 without interest. The soldier to borrow money on his service certificate has been required to pay 3½ per cent interest on the amount he borrowed. My bill reverses the interest charge, and provides for the annual payment of the interest on these service certificates by the Government.

Section 2 of my bill is as follows:

Said adjusted-service certificates are by this act made negotiable and may be negotiated as any other negotiable paper, but shall not be sold for less than their face value.

Under this provision of the bill the adjusted-service certificate could be cashed without any hesitancy and would put \$2,400,000,000 immediately into circulation, and it would go to every corner and part of the United States.

The great trouble we have had in the past in trying to expand the currency is how to get it out and get it into immediate circulation. This bill would put the \$2,400,000,000 immediately into service and use.

This section also provides that they shall not be sold for less than their face value. That prevents the soldier from being deprived of the full value of his certificate. Government bonds sell to-day at a rate of interest much less than this, and every adjusted-service certificate could be cashed

within 30 days after they were allowed to be negotiated as provided for in this bill.

Section 3 of the bill provides as follows:

Any sale or exchange of said certificate for less than face value is hereby declared void.

And, Section 4 simply repeals the laws in conflict with this act.

This bill will serve two great purposes: First, it will do justice to the soldier; and second, it will put money enough into circulation to stimulate business and start us forward again. Not only this, but it will prove to be economical for the Government to pay this rate of interest for this reason. As every informed person knows, the cause of an unbalanced budget is the fact that our revenues from incomes have fallen off within the last two years nearly \$1,000,000,000. This amount of money, \$2,400,000,000, put into circulation and used at once, would so stimulate business and trade that the revenue derived from incomes from the effects of this bill would very much more than care for the interest amount that the Government would be required to pay. The Government would not be required to pay anything until the end of one year, and then only the interest, and the interest then paid annually from that time on until 1945. The soldier who might be able to do so could well afford then to hold his certificate.

Mr. HOOPER. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. HOOPER. Is this money due yet?

Mr. GLOVER. Well, not under the act. It is not due under the act, but morally it is due.

Mr. HOOPER. Why should we pay the money 12 years before it is due?

Mr. GLOVER. I am not asking that you pay it. I am not asking the Government to pay it until it is due in 1945. I am simply saying to that man who fought a battle and won a victory for you that he ought to have the right to handle his own paper; he ought to have the right to sell it. It does not cost your Government anything. It would not cost one penny's interest for one year, until all this money is put out into use, and the Government could get in revenue collection from the operation of that money in business, and then we would not have to have any inflation or even talk about it.

A table was placed into the Record last year showing how much would go back to each State if this amount of money was paid to the soldier, and it showed that more than \$25,000,000 would be paid back to my State, the State of Arkansas, and much larger sums would be paid to the States of greater population and having more soldiers.

The moral and patriotic effect that this would have on the boys who fought in the last war would be wonderful. This would show to the boys who went and fought for our liberty that we meant what we said when we told them to go and make good soldiers and we would take care of them.

This bill simply puts the matter up to Congress as to whether or not they are willing to pay the adjusted-service certificates and the debt that the National Government owed to these boys. If this should be done now, and they were ever called again to service, they would know the attitude of the United States Government toward taking care of them after they have made the great sacrifice.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. LANKFORD of Georgia. The statement is made that this debt is not due. It is an honest obligation owed by the Government. Does not the gentleman think if we owe this money that we should consider paying it at the present time? It takes two to make a contract. Congress said this money is not due for many years, but the individual veteran did not agree to this extension. I feel it should be paid now.

Mr. GLOVER. I agree with the gentleman. It was manifestly unjust to agree to give them this additional sum for their services and then defer its payment until 1945 and put on a scheme of interest which would take up every dollar the soldier has in it, or practically so.

When this call was made by foreign nations to come over and help them make the world safe for democracy, no one then ever dreamed that in so short a time these nations would forget the great sacrifice of men and money that we made to help them.

France was fighting with her back to the wall, and her capital would soon have fallen had it not been for the rushing of American soldiers into the battle line to save them. Now they have shown their lack of appreciation of this by default in the payment of that which was due us on borrowed money and interest this year.

The United States Government sold bonds and raised money to loan to this nation and others to fight their battles. These bonds are outstanding now and bearing interest, and it is unthinkable that this nation, which is one of the richest nations now in the world, would repudiate their debt and place this burden of paying for this money borrowed on the backs of the taxpayers of the United States.

I for one shall contend to the last moment that they shall pay every dollar that they owe this Government with interest. In the settlement made with them around \$4,000,000,000 were given them in the settlement. Now to think they would try to withhold the other is absolutely incomprehensible. We hope they will reverse their action, and I believe they will, and pay this debt that they so justly owe the United States Government.

Mr. HOOPER. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. HOOPER. Are the soldiers in any different position than any other person as regards the payment of their money before it is due?

Mr. GLOVER. Oh, the gentleman ought to recognize that this is a legislative body.

Mr. HOOPER. I do.

Mr. GLOVER. I do not propose to change the time of paying this debt. If the gentleman will read the bill he will find that it does not mean that the Government redeems a single one of these certificates until 1945, and not one penny of interest is paid for one year.

Mr. HART. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. HART. Would it be any worse for us to adjust the time, or adjust the contract with the soldier, than for us to adjust the contracts of France, England, and Italy when they have agreed to pay?

Mr. GLOVER. I believe we ought to do justice first to our own boys. We had 200,000 of them who fell in foreign fields. Others are back here wounded and diseased in our hospitals to be cared for. Many others who were in good businesses were taken out by the selective draft, taken away from their businesses and put into a foreign land. This calamity has come upon them and they are in the greatest distress.

Mr. HOOPER. Will the gentleman yield again?

Mr. GLOVER. I yield.

Mr. HOOPER. Does the gentleman know of any other country that would pay a debt to any group of its citizens before it was due?

Mr. GLOVER. The gentleman can not be informed, I am afraid. I have told the gentleman three or four times that we are not going to pay these certificates before they are due.

In the same sense that France is obligated to pay her indebtedness to the United States Government, just so is the United States Government obligated to pay the soldier his adjusted-service certificate. My bill, H. R. 14362, makes this possible, and I hope we may pass it before the adjournment of this session of Congress. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. WEST].

Mr. WEST. Mr. Chairman and gentlemen of the committee, while we are discussing the various appropriation bills during this session of Congress, there are a number of important considerations which should guide us in determining the extent to which we are going to carry out what we believe are wise and sound principles of economy in the administration of public affairs during the coming year.

There is at the present time, as all of us know, a widespread and well-founded feeling throughout the country that a determined effort must be made to bring the cost of government within reasonable limits and bring the tax burden down to such a size that it will not carry with it too severe and unreasonable a hardship upon the people during this time of depression.

There was a time a few years ago when the income of the American people amounted to \$90,000,000,000. At that time the total cost of Government, in the Nation and in the States and in the various local areas of government, amounted to about \$10,000,000,000. This tax burden constituted about 10 per cent of the total income of our people, but during the course of this depression as we have gone on year after year and seen such drastic reductions in the income of the American people, we have come to the time when the total national income has been reduced, to a sum which is estimated this year at about \$45,000,000,000. But instead of there being a corresponding drastic reduction in the cost of government in the Nation and in the States, this tax burden has gone on year after year, and we have increased the appropriations in the Federal Government and in the State governments until we are spending in this country practically \$15,000,000,000 on government, or more than 30 per cent of the income of the people. This tax burden has become so great, and is resting so heavily upon the American people, that it will soon become intolerable. The cost of government must be reduced. The responsibility for this reduction so far as the Federal Government is concerned rests upon us.

But along with the realization of this increased burden there must be also a recognition upon our part that we should discriminate very carefully in regard to the appropriations that we make, so that the essential functions of government should not be impaired, and the definite obligations resting upon the Federal Government should not be ignored.

During this present session of Congress probably we shall appropriate \$3,600,000,000. I presume that this is more than \$100,000,000 under the President's recommendation. Our Appropriation Committee and the various subcommittees dealing with these various bills have very ably endeavored to bring this total down as reasonably and to as low a level as is consistent with the essential activities of the Government and in accordance with desirable standards of efficiency in the administration of public affairs. In this total you find in three items nearly three-fourths of our total expenditures. The item for the maintenance of the debt service, the interest on the national debt, and the sinking fund, amount to \$1,200,000,000. We are spending somewhat over \$900,000,000 on the various agencies of the Veterans' Administration.

We are spending something like \$700,000,000 on the maintenance of the various establishments for the military and nonmilitary and naval activities of our Government.

This total is \$2,800,000,000, leaving a balance of \$800,000,000 for the maintenance of the civil establishment of the Government. If you take out of this the \$141,000,000 or so that we spend on public works and highways, take the annual appropriation for the District of Columbia, take the post-office deficit, which a short while ago was \$67,000,000 and which I have just been told by a member of the Appropriations Committee may run over \$100,000,000 this year, we would be taking off of this balance of \$800,000,000 something like \$250,000,000 more, leaving for the maintenance of the civil establishment of the Government about \$550,000,000.

This is only 14 per cent of the total of our appropriations. Eighteen years ago, back in 1915, when the total appropriation, of course, was only somewhat over \$700,000,000, then the item for the maintenance of the civil establishment of the Government represented about 30 per cent of the total. We have cut the proportionate cost of the civil government 50 per cent in 18 years.

Let us realize, very definitely and very frankly, that the so-called untouchables in our Budget, those items that are fixed, those items which at the present time constitute the great bulk of our expenditures, are the ones that should

cause us serious concern; and that we can not, without impairment of our national administrative services, cut some of these appropriations in the bills before us more drastically than they have been cut through the work of our Appropriations Committee.

We must face frankly the fact we are not receiving an income at the present time, during this period of depression, sufficient to maintain all of these various items. The President says we will only get about \$2,900,000,000, and this may fall short \$300,000,000 and bring us down to \$2,600,000,000.

Mr. Chairman, this is the condition that confronts us. If you would, for one year, suspend every activity of government in the civil establishment, abandon the activities of Congress and the various departments for one year, you are not getting enough in revenue during this time to maintain the civil establishment of our Government.

This matter of Government economy is a matter that is a challenge to us at the present time in this session, and this problem will become increasingly acute unless we realize very frankly the nature of these appropriations; on the one hand, the necessity that the services of Government that are maintained to promote the public welfare shall not be impaired, and, on the other hand, that we should very frankly and courageously take into account those elements in our National Budget that are constituting the bulk of Federal expenditure at the present time.

We are facing a crisis in our country that is almost beyond the endurance of our people. Unless we lighten this burden, unless we bring the tax burden in our Federal Government expenditures and in our various State expenditures down to a level that is commensurate with the national income at the present time, we are not going to bring relief to our people but are going to add to their distress and definitely retard business recovery.

This, it seems to me, is one of the elements in the problem of economy as we consider the various parts of this appropriation bill and the others that are before us in this session, and demands our most earnest and courageous attention if we are properly to discharge our responsibility to the people at this time. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of New York, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 14363, the State, Justice, Judiciary, Commerce, and Labor appropriation bill, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. ROMJUE, indefinitely, on account of illness.

ADJOURNMENT

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 12 minutes p. m.) the House adjourned until to-morrow, Thursday, January 26, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, January 26, 1933, as reported to the floor leader:

WAYS AND MEANS

(10 a. m.)

Subcommittee hearings on H. R. 13999, depreciated currency.

LABOR

(10 a. m.)

Continue hearings on 5-day week and 6-hour day proposals.

DISTRICT OF COLUMBIA—SUBCOMMITTEE ON THE JUDICIARY

(10 a. m., caucus room)

Continue hearings on District beer bill.

BANKING AND CURRENCY

(10.30 a. m.)

Continue hearings on farm mortgage and silver bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

881. A letter from the Secretary of the Treasury, transmitting the final report, prepared by the Surgeon General of the Public Health Service, on the extent and circumstances of cooperation by the Public Health Service with State and local authorities in the conduct of rural health work in the drought-stricken areas under the terms of the appropriation for the period February 6, 1931, to June 30, 1932 (H. Doc. No. 530); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

882. A letter from the Secretary of the Navy, transmitting draft of a bill for the relief of St. Anthony Hospital, at Michigan City, Ind., Dr. Russell A. Gilmore, Emily Molzen, nurse, and the Hummer mortuary; to the Committee on Claims.

883. A letter from the Secretary of the Navy, transmitting draft of a bill for the relief of Mrs. Carlisle Von Thomas, sr.; to the Committee on Claims.

884. A letter from the Secretary of War, transmitting draft of a bill to amend the act of May 22, 1928, to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. S. 5235. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; without amendment (Rept. No. 1910). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. S. 5357. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.; without amendment (Rept. No. 1911). Referred to the House Calendar.

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. H. R. 14126. A bill authorizing John C. Mullen, John H. Hutchings, both of Falls City, Nebr., and William Shepherd, of Rulo, Nebr., his or their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Missouri River at or near Rulo, Nebr.; with amendment (Rept. No. 1912). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 14129. A bill to extend the time for the construction of a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.; and a bridge across the Michigan Canal, otherwise known as the Ogden Slip, in the city of Chicago, Ill.; with amendment (Rept. No. 1913). Referred to the House Calendar.

Mr. CORNING: Committee on Interstate and Foreign Commerce. H. R. 14200. A bill to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y.; with amendment (Rept. No. 1914). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mrs. KAHN: Committee on Military Affairs. H. R. 636. A bill to convey certain lands in the county of Los Angeles, State of California; with amendment (Rept. No. 1908). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 14040. A bill for the relief of Edgar Stivers; with amendment (Rept. No. 1909). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 13442) for the relief of William George O'Neal; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

A bill (H. R. 12070) granting an increase of pension to Clarence W. Failor; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SIROVICH: A bill (H. R. 14410) to amend section 3 of the act of May 28, 1928, relating to salary rates of certain civil-service positions; to the Committee on the Civil Service.

By Mr. GARNER: A bill (H. R. 14411) to extend the time for the construction of a bridge across the Rio Grande at Boca Chica, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. WARREN: A bill (H. R. 14412) to enable the United States Roanoke Colony Commission to carry out and give effect to certain plans for the comprehensive observance of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America; to the Committee on the Library.

By Mr. CONNERY: A bill (H. R. 14413) to protect American labor by equalizing the cost in the United States of articles imported from foreign countries, the currency of which has depreciated; to the Committee on Ways and Means.

By Mr. SWEENEY: A bill (H. R. 14414) to permit payment of any sum due under the civil-service retirement act to a deceased employee or a former employee who has become incompetent where no demand has been made by an administrator, executor, or guardian; to the Committee on the Civil Service.

By Mr. REED of New York: A bill (H. R. 14415) to repeal the tax on certain grape juice; to the Committee on Ways and Means.

By Mr. COLLIER: A bill (H. R. 14416) to make the Federal gasoline tax effective until June 30, 1934; to the Committee on Ways and Means.

By Mr. STEAGALL: A bill (H. R. 14417) to provide emergency relief with respect to agricultural indebtedness, and for other purposes; to the Committee on Banking and Currency.

By Mr. MURPHY: A bill (H. R. 14418) to fix an American valuation of imported merchandise for the assessment of customs duties; to the Committee on Ways and Means.

By Mr. McCORMACK: A bill (H. R. 14419) to amend section 3 of the act of May 28, 1928, relating to salary rates of certain civil-service positions; to the Committee on the Civil Service.

By Mr. McLEOD: A bill (H. R. 14420) to provide a tax on the sale on margin of corporate securities; to the Committee on Ways and Means.

By Mr. BLAND: A bill (H. R. 14421) enlarging section 270, title 40, United States Code, and providing, and relating to, a remedy for the enforcement of the payment of all wages due, and to become due, to all laborers and mechanics under the terms and provisions of an act approved March 3, 1931, entitled "An act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors and subcontractors, and for other purposes"; to the Committee on the Judiciary.

By Mr. HAWLEY: A bill (H. R. 14422) to prevent loss of revenue, to provide employment for American labor, and to protect the industries and agriculture of the United States against the effects of depreciation in foreign currency; to the Committee on Ways and Means.

By Mr. FITZPATRICK: Joint resolution (H. J. Res. 576) to limit the reductions in compensation applicable to certain

employees whose compensation for any month is less than the monthly rate of compensation to which the economy act applies; to the Committee on Expenditures in the Executive Departments.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of New York, memorializing Congress to adopt the relief bills proposed by Senator WAGNER; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUMM: A bill (H. R. 14422) granting a pension to William F. Yeager; to the Committee on Invalid Pensions.

By Mr. HORNOR: A bill (H. R. 14423) for the relief of Edwin M. Rapp; to the Committee on Military Affairs.

By Mr. MANLOVE: A bill (H. R. 14424) granting a pension to Sallie Babb; to the Committee on Invalid Pensions.

By Mr. MOORE of Ohio: A bill (H. R. 14425) granting a pension to Sarah Ellen McCall; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 14426) granting an increase of pension to Ursula Gates; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 14427) granting a pension to John Burton Hughes; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9880. By Mr. BACON: Petition of sundry citizens of Patchogue, N. Y., opposing the modification or repeal of the Volstead Act or the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9881. By Mr. BULWINKLE: Petition of citizens from the tenth congressional district of North Carolina, protesting against any change in the prohibition law; to the Committee on the Judiciary.

9882. Also, petition of citizens of Mecklenburg County, protesting against prohibition repeal; to the Committee on the Judiciary.

9883. Also, petition of citizens of Gaston, Lincoln, and Catawba Counties, protesting against prohibition repeal; to the Committee on the Judiciary.

9884. By Mr. CHRISTGAU: Resolution adopted by the Woman's Art Class, Winona, Minn., urging support of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9885. Also, resolution adopted by the Ringe Mother and Daughters' Club, of Rochester, Minn., urging support of Senate bill 1079 and Senate Resolution 170; to the committee on Interstate and Foreign Commerce.

9886. Also, resolutions adopted by the Minnesota Implement Dealers' Association, favoring tax reduction, passage of the Capper-Kelly resale bill, change in bankruptcy laws, voluntary domestic-allotment proposal, and criticizing the reports of the Bureau of Agricultural Economics with reference to implement prices, and urging abolition of the Federal Farm Board; to the Committee on Agriculture.

9887. Also, resolution unanimously adopted by the Woman's Christian Temperance Union of Lynd, Minn., protesting against any repeal or modification of the eighteenth amendment, and urging adequate appropriations for law enforcement and for a campaign of education in law observance; to the Committee on the Judiciary.

9888. Also, resolution adopted by the Hibbing Advertising Club on January 13, 1933, urging the restoration of the 2-cent postage rate; to the Committee on Ways and Means.

9889. Also, petition of the Ada Woman's Christian Temperance Union, Ada, Minn., protesting against any repeal or modification of the eighteenth amendment, and urging ade-

quate appropriations for law enforcement; to the Committee on the Judiciary.

9890. Also, petition of the Farm Bureau unit in Florence Township, Red Wing, Minn., protesting against any proposed sales tax; to the Committee on Ways and Means.

9891. Also, petition of citizens of Morris, Minn., protesting against any repeal or modification of the eighteenth amendment and urging adequate appropriations for law enforcement; to the Committee on the Judiciary.

9892. Also, petition of Trinity Lutheran congregation, of Minneapolis, Minn., protesting against any repeal or modification of the eighteenth amendment and urging its strictest enforcement; to the Committee on the Judiciary.

9893. Also, petition of the Woman's Christian Temperance Union of Rochester, Minn., protesting against any repeal or modification of the eighteenth amendment and urging adequate appropriations for law enforcement; to the Committee on the Judiciary.

9894. By Mr. CROWTHER: Petition of citizens of Amsterdam, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9895. Also, petition of citizens of Long Lake, N. Y., urging passage of the stop-alien-representation amendment to the United States Constitution, House Joint Resolution No. 97; to the Committee on the Judiciary.

9896. By Mr. DELANEY: Petition of the World Calendar Association (Inc.), of New York, urging the reform of the present calendar as soon as possible; to the Committee on the Judiciary.

9897. Also, petition of the Leghorn Trading Co. (Inc.), of New York, protesting against the amendment relative to oils and fats in the farm relief bill recently passed by the House; to the Committee on Agriculture.

9898. By Mr. HAINES: Resolution of York County (Pa.) Patriotic Order Sons of America, supporting cardinal American principles and protesting against the pardon of communists and admittance of foreign-mined coal into our country; to the Committee on the Judiciary.

9899. By Mr. HANCOCK of New York: Petition of Rev. DeWitt S. Hooker and other residents of Onondaga County, N. Y., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

9900. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., protesting against the passage of House bill 13742, or other measures in opposition to the eighteenth amendment; to the Committee on the Judiciary.

9901. By Mr. MARTIN of Massachusetts: Petition of George E. Massey and sundry residents of Blackstone, Mass., asking for legislation to revalue the gold ounce; to the Committee on Banking and Currency.

9902. By Mr. MURPHY: Petition of 10 residents of East Liverpool, Ohio, urging the adoption of the Sparks-Capper stop alien representation bill; to the Committee on the Judiciary.

9903. By Mr. PERKINS: Resolution adopted by the Bergen County (N. J.) Woman's Christian Temperance Union, an organization of 633 members, protesting against the nullification, weakening, or repeal of the eighteenth amendment and the Volstead Act, and for adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9904. By Mr. RUDD: Petition of Leghorn Trading Co., New York City, referring to the Andresen amendment to the farm relief bill, H. R. 13991; to the Committee on Agriculture.

9905. By Mr. SHREVE: Petition of the Woman's Christian Temperance Union of Spartansburg, Pa., urging the passage of the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9906. By Mr. SPENCE: Petition of the cities of Pineville, Earlinton, and Covington, Ky., referring to the removal of restrictions against using Federal funds on municipal streets where they are a part of the Federal system of roads; to the Committee on Roads.

9907. Also, petition of Frank J. Fedders, Mrs. Edward Ehme, John G. Exterkamp, and others, of Covington, and Leo J. Schweer, Dayton, all of the State of Kentucky, referring to the revaluation of the gold ounce, mass-production banking legislation; to the Committee on Banking and Currency.

9908. By Mr. STALKER: Petition of Oswald Baker and 25 other residents of R. F. D. No. 2, Ithaca, N. Y., urging support of the stop-alien-representation amendment to the United States Constitution to cut out aliens, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9909. Also, petition of Louise Huttel and 58 other residents of Berkshire and Richford, N. Y., urging support of the stop-alien-representation amendment to the United States Constitution to cut out aliens, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9910. Also, petition of 1,576 members of the missionary societies of the churches of Elmira, N. Y., signed by the following secretaries of the societies: Mrs. W. W. Goodwin, Pennsylvania Avenue Methodist Episcopal Church; Esther Saterlee, Park Church; Mary Carrol, Baptist and Methodist Episcopal Church, Breesport; Emma Banks, Riverside Methodist Episcopal Church; Mrs. Charles C. Cornish, Centenary Methodist Episcopal Church; Mrs. J. W. Faust, West Side Methodist Episcopal Church; Hattie M. Rockwell, Hedding Methodist Episcopal Church; Lottie S. Hurley, First Baptist Church; and Mary Brownlow, First Methodist Episcopal Church, to vote against the return of beer and against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9911. By Mr. SWICK: Petition of Dr. C. E. Imbrie and 78 members of the First United Presbyterian Church of Butler, Butler County, Pa., urging that the eighteenth amendment to the Constitution of the United States and the Volstead Act be retained as they are, and requesting the adoption of the stop-alien amendment providing for the exclusion of aliens from the count to apportion Representatives; to the Committee on the Judiciary.

9912. By Mr. WHITLEY: Petition of citizens of Rochester, N. Y., opposing any reduction in the number of the personnel of the United States Marine Corps; to the Committee on Appropriations.

9913. By Mr. WOOD of Indiana: Petition signed by residents of Lowell and Shelby, Ind., asking favorable action on the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

9914. Also, petition signed by residents of Earl Park, Raub, Elkhart, and others of the State of Indiana, urging the enactment of the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

9915. Also, petition signed by the young people of the second congressional district of Indiana, against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

9916. Also, petition signed by voters of the second congressional district of Indiana, against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

9917. Also, petition signed by residents of Hamlet and Piercetown, Ind., against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

9918. Also, petition signed by Rev. W. D. Archibald and other residents of Indiana, against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

9919. By the SPEAKER: Petition of the City Council of Newark, Ohio, urging no repeal or modifications of existing Federal laws enacted for the benefit of veterans and their dependents, and that the Federal Government issue to the holders of adjusted-compensation certificates some medium of exchange which will be exchangeable as currency and

redeemable by the Federal Government in 1945; to the Committee on Ways and Means.

9920. Also, petition of residents of the District of Columbia, protesting against relief being granted only to married men and single women; to the Committee on the District of Columbia.

SENATE

THURSDAY, JANUARY 26, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MONTHLY REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Reconstruction Finance Corporation, reporting, pursuant to law, on the activities and expenditures of the corporation for December, 1932, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying tables, was referred to the Committee on Banking and Currency.

PRESIDENTIAL POST OFFICES (S. DOC. NO. 176)

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Civil Service Commission, transmitting, in further response to Senate Resolution 303 (submitted by Mr. McKellar, relative to lists of positions or places not under the civil service), a list of post offices of the first, second, and third classes, being Table IX, presidential post offices (first, second, and third classes), arranged alphabetically by States, with date of expiration of commission and salary of each postmaster, which letter and accompanying table were referred to the Committee on Civil Service and ordered to be printed.

SENATOR FROM NEW HAMPSHIRE

Mr. MOSES. Mr. President, I present the credentials of my successor and ask that they be read and placed on file.

The credentials were read and ordered to be placed on file, as follows:

STATE OF NEW HAMPSHIRE, EXECUTIVE DEPARTMENT.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 8th day of November, 1932, FRED H. BROWN was duly chosen by the qualified electors of the State of New Hampshire a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 4th of March, 1933.

Witness: His excellency our governor, John G. Winant, and our seal hereto affixed at Concord, this 14th day of November, A. D. 1932.

JOHN G. WINANT, Governor.

By the governor.
[SEAL.]

ENOCH D. FULLER,
Secretary of State.

CALL OF THE ROLL

Mr. HALE obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. HALE. I do.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Carey	Goldsborough	La Follette
Austin	Connally	Gore	Lewis
Bailey	Coolidge	Grammer	Logan
Bankhead	Copeland	Hale	McGill
Barbour	Costigan	Harrison	McKellar
Barkley	Couzens	Hastings	McNary
Bingham	Cutting	Hatfield	Metcalf
Black	Dale	Hawes	Moses
Blaine	Davis	Hayden	Neely
Borah	Dickinson	Hebert	Norbeck
Bratton	Dill	Howell	Norris
Brookhart	Fess	Hull	Nye
Bulkley	Fletcher	Johnson	Oddie
Bulow	Frazier	Kean	Patterson
Byrnes	George	Kendrick	Pittman
Capper	Glass	Keyes	Reed
Caraway	Glenn	King	Reynolds

Robinson, Ark.	Shortridge	Thomas, Okla.	Walsh, Mass.
Robinson, Ind.	Smith	Townsend	Walsh, Mont.
Russell	Smoot	Trammell	Watson
Schall	Steinwer	Tydings	Wheeler
Schuyler	Stephens	Vandenberg	White
Sheppard	Swanson	Wagner	
Shipstead	Thomas, Idaho	Walcott	

The VICE PRESIDENT. Ninety-four Senators have answered to their names. A quorum is present.

After the Vice President laid before the Senate resolutions which appear under the heading "Petitions and Memorials," several Senators addressed the Chair.

Mr. HALE. I yield to Senators for the transaction of routine business.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted at a prohibition dinner held under the auspices of the Woman's Christian Temperance Union in the Presbyterian Church at Blairsville, Pa., protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Washington, which was referred to the Committee on Finance:

UNITED STATES OF AMERICA, STATE OF WASHINGTON, DEPARTMENT OF STATE.

To all to whom these presents shall come:

I, Ernest N. Hutchinson, secretary of state of the State of Washington and custodian of the seal of said State, do hereby certify that the annexed is a true and correct copy of House Joint Memorial No. 2, as received and filed in this office on the 20th day of January, 1933.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Washington. Done at the capitol, at Olympia, this 20th day of January, A. D. 1933.

[SEAL.] ERNEST N. HUTCHINSON,
Secretary of State.

By A. M. KITTS,
Assistant Secretary of State.

House Joint Memorial No. 2

To the Honorable the Senate and House of Representatives of the United States of America in Congress Assembled:

We, your memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, most respectfully present and petition your honorable body as follows:

Whereas the immediate and greatest need of this Nation is to establish a fully employed citizenship, and normally functioning private industry offers the most desirable employment opportunities, and the primary and largest market for American produce and manufactures is found in meeting the wants of the American people, and the necessary employment in supplying these wants belongs first to American workmen; and

Whereas without the free flow of gold, the common medium of international values, the exchange rates of many nations' currencies have, by application of the law of supply and demand, become divorced from the actual values of those currencies as measured in buying power within the bounds of the nation issuing the currency; and

Whereas depreciated currency is seriously handicapping American industry, and our foreign markets are stifled, and our domestic industries face destruction by increased imports from depreciated-currency nations; and

Whereas the economic life of the State of Washington is derived from basic industries such as lumber, fish, pulp, wheat, fruits, coal, cement, and their allied industries, and the very existence of capital, industry, employment, wages, and our standards of living are based on the profitable operation of these basic industries; and

Whereas the Nation faces an emergency and the differences in money levels have existed for a long period and have not become adjusted; and

Whereas nations whose currencies are depreciated are able to ship merchandise into the United States, pay the existing tariffs, accept American currency in payment, and to make a greater profit on their merchandise than if sold in their own markets; and

Whereas such importations from more than 40 nations of the world into the United States under the existing depreciated-currency conditions has the effect of not only eliminating all tariff structures, but of enabling such merchandise to be sold at such a low price in the markets of the United States as to handicap and paralyze American industry and increase unemployment, and the industries of the United States are facing bankruptcy and destruction; and

Whereas we believe that unless this legislation is immediately passed, chaos and ruin threaten the financial and governmental structure of the United States; and

Whereas Congressman SAMUEL B. HILL, of the State of Washington, has introduced in the present session of Congress House